45TH CONGRESS, 3d Session. } HOUSE OF REPRESENTATIVES. { MIS. DOC. No. 29.

INVESTIGATION

BY A

SELECT COMMITTEE

OF THE

HOUSE OF REPRESENTATIVES

RELATIVE TO

THE CAUSES OF THE GENERAL DEPRESSION IN LABOR AND BUSINESS, ETC.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1879.

DEPRESSION IN LABOR AND BUSINESS.

Pursuant to the subjoined resolution, the committee met at the new post-office building, New York, in room 1, second floor, on Thursday, August 1, at 12 m.

Present, Hon. Abram S. Hewitt, of New York, chairman; Hon. J. M. Thompson, of Pennsylvania; Hon. W. W. Rice, of Massachusetts; Hon. Thomas A. Boyd, of Illinois.

FORTY-FIFTH CONGRESS—SECOND SESSION.

CONGRESS OF THE UNITED STATES,
In the House of Representatives, June 17, 1878.

Mr. Thompson submitted the following, which was agreed to:

Whereas labor and the productive interests of the country are greatly depressed, and suffering severely from causes not yet fully understood; and whereas our real and permanent prosperity is founded and dependent upon labor, as the source of all wealth; that when labor suffers from any cause which may be removed, or its rigor mitigated, our national harmony and prosperity are thereby imperiled; that it is, therefore, the solemn duty of Congress to inquire into and ascertain the causes of such prostration and to devise proper measures for their relief, that labor may be restored to its just rights, to the end that labor and all our varied interests may be encouraged, promoted, and protected, by liberal, just, and equal laws: Therefore,

Resolved, That a committee consisting of seven members of this House be appointed, whose duty it shall be to inquire into and ascertain the causes of general business depression, especially of labor; to devise and propose measures for relief; and that, to enable said committee to perform its important duties hereby conferred, it has leave to sit during recess, to employ a clerk and such other assistance as may be needed; to examine witnesses, and to report at next session the result of its investigations, and the measures for relief it may recommend, by bill or otherwise.

JUNE 19, 1878.

The SPEAKER appointed on said committee—
Mr. A. S. HEWITT, of New York;
Mr. H. Y. RIDDLE, of Tennessee;
Mr. H. L. DICKEY, of Ohio;
Mr. J. T. JONES, of Alabama;
Mr. J. M. THOMPSON, of Pennsylvania;
Mr. W. W. RICE, of Massachusetts; and
Mr. THOMAS A. BOYD, of Illinois.
Attest:

GEO. M. ADAMS, *Clerk*.

VIEWS OF MR. THOMAS ROCK.

In response to the announcement of the chairman that the committee were ready to proceed with the investigation, and would hear such persons as might desire to give evidence,

THOMAS ROCK presented himself for examination, and was questioned as follows:

By the CHAIRMAN:

Question. Do you appear in behalf of any organized body?—Answer. Yes, sir; the Journeymen Stonecutters' Association of the city and county of New York. My colleague (Mr. Cornelius Egan) and myself have been sent here by that association to see whether the work for the city of New York cannot be done in the city of New York, and given to the citizens of New York; we are sent specially in regard to the barge-office to be built at the Battery. We are citizens of the United States and citizens of New York, and think it is our right to have this work to do, instead of it being taken to Dick's Island and done there. The stone-cutting for this building that we are sitting in now was not done in New York.

Q. Your grievance, as I understand it, is that the Government of the United States in erecting buildings in the city of New York had a portion of the work done elsewhere?—A. They had all the stone work done elsewhere, and brought it here; yes, sir.

Q. And you think it ought to be done in the city of New York; that the stone should be brought in the rough, and cut in the city of New York?—A. Yes, sir; and the same can be said of the country all over. The association we belong to is an association

all over the United States. In Mullett's time the Chicago custom-house was done out of stone cut in Cincinnati. Another grievance that we have is this: That on these buildings citizens of the United States have not been employed at all, till very lately. About four years ago there was a lot of men discharged from one of the works in Rockland, Me., who were not citizens, and when the work was done they went and drew their money out of the bank, and very nearly broke the bank.

Q. You think that all work done for the government should be limited to those who are citizens, and not given to those who are not citizens?—A. We think the citizens should have the preference.

Q. Your view is that it should be limited to citizens. Is that it?—A. Yes, sir; but our principal mission here is to see that the work done for the government here is done in the city of New York. We were sent here principally in relation to the barge-office.

Q. Do you understand that the barge-office is to be built of stone?—A. I don't know.

Q. I understand it is to be built of iron; and I would like to ask you whether you want the same principle to apply to the iron work; that the iron work in such cases should be done in New York?—A. The iron-men should be able to talk for themselves.

Q. Your idea, then, is that no work should be done out of the place where the building is to be erected?—A. Yes, sir.

Q. And that that should be made compulsory by law?—A. Yes, sir.

By Mr. RICE:

Q. How is it in regard to stone work done in the city by private individuals, other parties than the Government of the United States; where is that done?—A. Mostly all the work done by private individuals is done in the city of New York.

Q. You claim that the government pursues a different policy from what individuals who are doing a similar kind of work, though, of course, not pursued on so great a scale?—A. Yes, sir; and I think our association are in favor of the strict enforcement of the eight-hour law. We are eight-hour men.

By the CHAIRMAN:

Q. Do I understand that you want the eight-hour law enforced?—A. The association is in favor of the eight-hour law, which was considered a law by the government at one time.

By Mr. RICE:

Q. That is, for those employed by the government?—A. Yes, sir.

Q. You would not suppose that the government should do anything to protect you who are not in the employ of the government?—A. O, no; we don't wish that.

By the CHAIRMAN:

Q. The law now requires the work to be done by contract, by the lowest bidder. You would abolish that?—A. They have not instructed us about that.

Q. The law requiring the work to be given to the lowest bidder, if the lowest bidder came from some other place, how could the government give the work to New York?—A. I think the general government could make that a part of the specifications, that the work should be done in the city of New York.

Q. You would not allow competition outside the city of New York?—A. People can come in here and compete.

Q. You would limit it to people living in the city of New York?—A. Not at all; any party can come from any part of the United States and contract and estimate and do the work here.

Q. You would let anybody bid, no matter where he lived, but the work should be done in the city?—A. Yes, sir.

By Mr. RICE:

Q. That is, as a railroad contractor, who contracts for a railroad which is to be built in a certain section, must do the work on the road, so you suppose a contractor would come and do the work here?—A. Yes, sir. It is certain if something of the kind is not done the residents of the city of New York will have to emigrate out of it. It is no good to have the work done down on Barren Island or Dick's Island, where the contractor gets the whole benefit of it.

By the CHAIRMAN:

Q. The public officer takes the sum total of the bid; all he has to guide him is to know how much it is going to cost the government, and he takes the lowest bid. The people of the United States have to foot the bill?—A. I don't think he took the lowest bid on this job. This job [referring to the post-office building, New York] was done on Dick's Island. It did not matter how much was done for a day's work at all. The less you did the better you were liked.

The CHAIRMAN. Fifteen per cent. was allowed on all disbursements; that is, the contract law was not applied to that. In other words, there was no contract.

By Mr. RICE:

Q. How is it about the other contracts in the city of New York?—A. The court-house was done under the Tweed ring, and I don't think it was done very profitably; but the men worked well enough.

Q. The building cost more in proportion even than this?—A. I suppose it did, though this cost enough.

Q. Do you know anything about the capitol at Albany? Was the work done there?—A. The work was done by the State in the city of Albany.

Q. How do you think it worked there?—A. I think, as far as the work is concerned, it has worked very profitably to the State; but I can give you an instance where they contracted for a portion of the capitals, and gave $150 to the contractor for the cutting of the capitals. The State hauled the stone; the contractor had nothing to do but cut it, and the contractor gave the men $85 for cutting the capitals, and the contractors did nothing, only received their money. The State might as well have had that profit. I was one of the men, and I got $85, and the contractor got $150. He did not have any expenses at all.

By the CHAIRMAN:

Q. Do you think the State of New York can have its stone cut cheaper in New York than in Albany?—A. Yes, sir.

Q. And if the State of New York, in building the capitol, could get its work done cheaper in the city of New York, that it ought to be still done in Albany?—A. I think the city where the job is done should have the right to the contract.

Q. Who pays for the capitol?—A. The citizens of the State.

Q. Why, then, should not the citizens of the whole State have a chance to supply the work an equal chance?—A. Nobody is denying them, is there?

Q. Is it not in conflict with the principle you have laid down, that the work should be done in Albany, notwithstanding it can be done cheaper in New York?—A. If you can do it cheaper outside, I don't think we should come here at all; stonecutters can go up there, if they feel like it.

Q. But you would compel the stonecutters to go up to Albany for it?—A. In the first place, I know it could not be done as cheap in the city of New York, and sent to Albany, as it could be done in Albany.

By Mr. RICE:

Q. Supposing the work could be done cheaper at Dick's Island and sent there cheaper than it could be done in Albany, would you have it done in Albany rather than at Dick's Island, where it could be done cheaper?—A. Of course, we would be in favor of having it done in Albany; for the simple reason that in going to Dick's Island the mechanics of the country would be leaving their own homes and going to a place where it is not fit for a man to live.

Q. It would be a saving to New York?—A. I don't know that it would be. I don't think they could do it.

Q. Is it not a law that we go to those places for our supplies where they can be obtained cheapest rather than otherwise; and would you have the government follow a different policy from that?—A. No; I suppose the government has a right to have this profit; but still, at the same time, it is not giving the citizens of the country a fair show at all; it is giving it all into the hands of contractors.

Q. And if a contractor has agreed to do a certain piece of work for a certain sum, that contractor will be apt to go for his work to the place where he can get it done to the best advantage, cheapest?—A. In the first place, I don't think the government has a right to let out a contract to any party unless he can show he has sufficient to do the job. For instance, a contractor will take the job so low that the men who work on it will starve. You have not to go out of the city of New York to see that. For instance, on the Forty-second-street arch——

Q. Can the government prevent that? Have you any particular form of legislation in your mind that will correct that, which we both agree is an evil? Can you see how it will be cured?—A. I think the government is the judge of this work, and they know when a man puts in these bids that he is not fit to do the work. I think the government should allow every man a living.

By the CHAIRMAN:

Q. The great fraud on this building was the payment of 15 per cent. to a private citizen without compensation. Would you apply a different rule to the government from that you would apply to an individual? If a private individual wanted work done, you would not restrict him? Would you restrict by law a private individual just as you propose to restrict the government?—A. We propose this: if a private in-

dividual went out of the city of New York and paid for his work, he should pay the same as we receive here.

Q. Then you would have the government make a law to regulate wages?—A. No, sir.

Q. You say if he went out of the city?—A. As a general thing they don't do it; but I think the men of New York would claim that right.

Q. You would apply the same principle to private individuals that you propose to apply to the government—that all work to be used in the city of New York be done in the city of New York?—A. Yes, sir.

Q. And so in all the cities in the Union, each city would be similarly dealt with?—A. Yes, sir.

By Mr. THOMPSON:

Q. If your organization were thorough, could not you control the price of your labor as well in the country as in the city of New York?—A. I suppose if times were good we could do it, but at the starvation point things are now you can control nothing.

Q. You can't confine them to the rules?—A. No, sir; there are mechanics in the city of New York to-day starving; and good, sober men starving; they have not got enough to eat.

By the CHAIRMAN:

Q. Have you any means of giving to the committee the number of stonecutters out of employment in the city of New York?—A. I could get them.

Mr. THOMPSON. We would like the whole number of stonecutters, and the proportion of employed to unemployed.

The CHAIRMAN. That is one important thing to get at—the number employed and unemployed; and if the other trades can give that data, we would like it.

Mr. RICE. Any statistics in regard to the number of stonecutters employed now, as compared with five or ten years ago, you may also furnish.

The CHAIRMAN. Stonecutters have suffered, perhaps, more than any other branch of tradesmen.

Mr. RICE. I would like to know whether, from the large operations which have been going on during the last few years, an extraordinary number of stonecutters have been attracted to New York, so that when these operations ceased they were left without employment. If you can ascertain that, or anything bearing on that point, I would like you to do it. See whether the supply of the stonecutters here at the present time is in excess of the ordinary demands of the business—not in excess of the extraordinary demands of the business for the last few years, but now.

The WITNESS. They are in excess of the ordinary demand now.

Mr. THOMPSON. In other words, it involves this inquiry: Why is this depression? What has produced it?

The WITNESS. You can see the depression in our business now, for five hundred men of our trade are in England trying to get work, and they had to leave their tools as security for their passage.

The CHAIRMAN. They landed there last year, on the strike; and that raised the question whether workmen from this country should take the place of men on the strike there. I saw them myself.

The WITNESS. They went there because they were forced to.

Mr. RICE. That is what I wanted to know, whether any of them had come here in consequence of the demand a few years ago.

The WITNESS. Five years ago many of them came; the Chicago fire brought them.

By the CHAIRMAN:

Q. What is the present wages of stonecutters?—A. Three dollars a day.

Q. Are there any of them working for less than $3?—A. That we can't tell; the supposition is there is.

Q. What is bricklayers' wages per day?—A. $2.50 and $3.

Q. And what is the wage of a carpenter?—A. I don't believe they have got any wages at all; most of them lump out, taking jobs.

Q. Still there must be journeymen carpenters?—A. I understand the majority of them have got no stated wages at all. I don't know whether I am speaking the truth or not; that is what I understand. I don't think they have any organization at the present time.

By Mr. RICE

Q. How long have you been familiar with the stonecutting business in New York?—A. I think I have been in New York since about 1862.

Q. What were the wages of stonecutters when you began?—A. 1862 was the second year of the war. They were $2.25 when I first came from Washington.

Q. They are $3 now?—A. Yes, sir.

By Mr. BOYD:

Q. Have they been any lower than $2.25?—A. No, sir; they took a rise to $5 a day.

Q. Please state during what years they rated at $5 a day?—About 1868 or 1867.

Q. From 1865 up to this time they have decreased?—A. Yes, sir; I think so, from in 1868 to 1873. It was $5 for a few months.

By Mr. RICE:

Q. What were they before the war, in 1860?—A. Two dollars and twenty-five cents.

By the CHAIRMAN:

Q. And that was for ten hours' work?—A. Nine hours' work.

Q. And now they are $3 for eight hours' work?—A. Yes, sir.

Q. Which do you consider more advantageous to the stonecutter, $3 for eight hours' work, at the present time, or $2.25 at that time, with nine hours' work; with rents, provisions, fuel, &c., compared?—A. I think $2.25.

Q. Do you think the present prices are higher for clothes, fuel, house-rent, &c.?—A. I think they are higher, taking everything into account; house-rent is.

Q. As to the mode of getting your supplies, how do you procure your supplies? Do you buy them from the shops in your immediate neighborhood?—A. Yes, sir.

Q. Have you no co-operative shops, by which you can buy in large quantities, and have the necessaries of life distributed among you?—A. No, sir.

Q. As a rule, do you think your branch of business is worse off than other branches of business?—A. Yes, sir. The amount of work the men do is not sufficient to pay their demands and support their families in any kind of a decent way. They have got to go into small apartments, in unhealthy locations, and to places that are not respectable to live in. I don't suppose the men are employed, as a general thing, one-half of the year; that is, the general run of them don't work six or five months in the year.

Q. Then if they had full employment at $2.25 a day, it would be better than irregular employment at $3?—A. Almost any wages would be better than the way they are working now.

By Mr. RICE:

Q. Have you any idea of the number of stonecutters there are in the city of New York now?—A. I guess there must be three thousand of all kinds.

By the CHAIRMAN:

Q. Have you considered the rate of wages when you get full employment? For instance, supposing you stood out for $5 a day, and that made building so expensive that building was stopped, whereas at $2.25 a day they might go on building, have you considered the effect of that state of things on the quantity of employment you could get?—A. Well, no.

Q. You said just now that steady employment would be better?—A. My opinion is that now there is not enough employment for the mechanics in the city of New York.

Q. Is not that due to the high rate of wages that compelled parties to cease building?—A. No. I think it is owing to the amount of machinery having thrown out hand-labor.

Q. Have they introduced machinery for cutting stones?—A. Not for cutting it; for sawing them and polishing. They saw them with a diamond saw.

Q. There has been a large amount of hand-labor displaced in the city of New York by machinery?—A. Yes, sir.

Q. What is your view on that subject, as to how the government should deal with the use of the machinery?—A. I don't think the government has any right to interfere at all. I think that in a very short time the men with machinery will go up completely. I don't think they have made a dollar since they took them.

By Mr. RICE:

Q. It don't pay itself?—A. No, sir. I know men in New York who went into machinery, but to-day they have not a dollar.

By the CHAIRMAN:

Q. Still, as a rule, the introduction of machinery has cheapened the cost of production, and you are not opposed to the introduction of machinery in labor?—A. There is no use saying we are not.

Q. You don't think the government should prevent it?—A. I don't think the government has anything at all to do with it. The way it has become in the city of New York—the first man who started machinery thought he was going to do a great business, but another says, I will try it too; and so they had to contract.

Q. Then you think they will cease to work, not because the machinery is ineffective, but because it is too effective?—A. The architects, I think, at the present time are

working in the interest of the machines and making the fronts of buildings to suit machinery.

Q. Is not that the interest of the owner? The architects' object is to make it cheaper for the owner?—A. It is hard to tell what their object is; hand labor is cheaper than machinery now.

Q. You say that the wages of stonecutters is $3 a day?—A. Yes, sir.

Q. Are there any stonecutters working for less?—A. The supposition is there is a great many of them.

Q. How many are there?—A I don't know.

By Mr. RICE:

Q. Have not you an opinion on it?—A. My opinion is they are working as low as $2.

Mr. EGAN. Yes; and I think they are working as low as $1.50.

Q. What does the society do; do they discipline them?—A. Really, we can't get at them.

Q. In other words, you have to wink at the facts. The times are hard and you can't help it?—A. The times are hard and we can't help it.

By the CHAIRMAN:

Q. In other words, there are some laws that are more potent than the laws of trades-unions?—A. The law of necessity.

Q. Do you think the trades-unions can regulate wages; as a rule, do you think it is possible?—A. They have done it.

Q. In good times?—A. In middling times.

Q. But in bad times, when machinery breaks it down—— A. And employers made more money when they worked up to trades-unions.

Q. You mean the boss stonecutters and contractors?—A. Yes, sir; there is proof of that in New York; I can bring men—some of them are dead now—who claim that they never made as much money as when they charged the wages of the union.

By Mr. RICE:

Q. Do you think that in those years of high prices it was not the workmen, but the employers of the workmen, who got the profits? Who were these employers? Did not they belong to the mechanic classes?—A. Most of the employers in the city of New York now have all been journeymen?

By the CHAIRMAN:

Q. Have not a large number of the builders failed?—A. Yes, sir; a great many of them are poor now.

Q. The greater portion of them have failed? Some of the great east-side builders have gone under?—A. Yes, sir; I guess they carried too heavy a load of real estate.

The CHAIRMAN. So it would appear that neither the builder, the workman, nor the real-estate owner has made anything after so long an era of business expansion. The conclusion would be that no real benefit had been derived from this era of expansion to anybody?—A. I don't see anybody that has money.

Q. You want everything to come here in the rough and be worked up into the finished article in the city?—A. Yes; that is our proposition. I suppose you know only that for Mr. Mullett all this work would not have gone to Dick's Island.

The CHAIRMAN. That has certainly never been proved; but it is certain Mullett has been removed from his position. This building has cost over $7,000,000, and of course it has cost a great deal more than it ought to have cost, but there is no private party who has built in the same period that does not think it cost him too much.

WITNESS. D. n't you think that the government has the right to enforce the eight-hour law?

The CHAIRMAN. I am not here to be questioned; but I believe the government should enforce that as well as every other law that it has on the statute-book. The law is, that eight hours constitute a day's labor for work done for the United States Government or under its immediate direction; and, of course, the law should be enforced.

Mr. RICE. One of the difficulties you have to struggle against is that the Federal Government cannot make a law which applies to a great many laborers. It is for the States to make the laws; but the Federal Government can only make a law that applies to the work done by it.

By Mr. THOMPSON:

Q. What good would it do, supposing the government had the power to limit the right of the contractor to employ his laborers eight hours? Would he not give them less? The laws don't fix the rate per day, and wouldn't he give them less?—A. Well, if the government would only stick to its law.

Q. But you observe that whenever the contractor takes the business and employs his laborers, the laborer is not then working for the government?—A. I should think they were then working on a government job.

Q. O, no; some of this work might have been done in England. Would the workmen be working under this government then?—A. I should think they could make it conditional with the contractors that eight hours shall be the amount of a day's labor; for eight hours is enough for any stonecutter to work.

Mr. THOMPSON. Yes; I have no doubt that could be done, if the law authorized it.

The CHAIRMAN. The law does not authorize it.

WITNESS. If we were all working in the city of New York to-day, there is not enough work to keep us employed half the day.

By Mr. THOMPSON:

Q. I think the contractor should not work his laborers more than eight hours; but then the question comes up again, would he not have to reduce the pay?—A. It would come up again; times would have to regulate that.

Q. Do you mean to say that Congress would have the right to fix how many hours is a day's work, but not how much is a day's pay?—A. No, sir.

Q. Would not that question regulate itself in the manner you suggest?—A. I think if Congress would only enforce the law as it is expressed, and state that parties taking this work must not allow laborers to work more than eight hours, the wages would regulate themselves.

Mr. THOMPSON. There is no law to do that.

The CHAIRMAN. I think the law was intended to deceive, if you want to know my opinion.

WITNESS. The law in Albany was, no doubt. There is an excess of mechanics in the country for the amount of work to be done even at eight hours. Eight hours is enough for any man to work, especially at stonecutting. Some other trades may not be as bad, but a stonecutter must not work more—that is to live. It is a natural law. I think these two arguments are in favor of the eight-hour law.

Mr. THOMPSON. Certainly, the last suggestion is.

WITNESS. It will result in employing a great many more men.

Mr. THOMPSON. That probably would not be a legitimate argument; but if you can show that eight hours would be sufficient for a man to work, and that to work more would injure his health, that would be practicable.

By Mr. RICE:

Q. You think if Congress has the authority it would be well for it to limit all labor to eight hours a day. Do you mean that?—A. Yes, sir.

Q. But if Congress has not, and it is left to the State, each State to do for itself, and some do it and others do not, then the employers of labor in the former places would be under a disadvantage as compared with those that did not do it. That is, supposing there are manufacturers in New York and Connecticut, one on one side of the line and one on the other; and in New York there is a law limiting the time of labor to eight hours a day, and in the other State there is no such law, the one that worked his hands more than eight hours would get more work out of them, so that the work of the one that was limited to the eight hours would cost him more?—A. Well, of course it would work badly for that man.

Q. So that, in order to have an eight-hour law operative, the Federal Government has to pass it and make it applicable to all labor everywhere?—A. Yes; the Federal Government should adopt the eight-hour law and make contractors pay under the eight-hour law.

Q. We are speaking now not in reference to your kind of labor, but in reference to all kinds of labor?—A. Well, we are here speaking for ourselves.

The CHAIRMAN. I don't suppose you think Congress should legislate for stonecutters merely.

WITNESS. No.

By Mr. RICE:

Q. You say stonecutting is more fatiguing than other kinds of labor; but then there are other kinds of labor just as fatiguing, and you would not want the law adopted for your trade alone?—A. No; our real object is to get it for all mechanics. I think if the Federal Government enforced the eight-hour law, we could very soon get the city governments all over the country to do it.

By the CHAIRMAN:

Q. Do you think that if the government enforced the eight-hour law as to time, without doing anything in regard to wages, so that your men should only work eight hours, do you think that would be effective?—A. I think so.

Q. Without touching the question of wages?—A. I think so. A great deal of trouble, I think, originates in this way, that the government is very apt to give out contracts to parties that are not responsible. You can see the effect of that in the city of New York at the Forty-second street arch; that man took the work at $23,000 less than the lowest bid.

The CHAIRMAN. I think the United States Government is not open to that charge. I think it gives its work to responsible persons who give bonds. There have been abuses in this regard, but they have been remedied. Is there anything else that you desire to say to the committee?

The WITNESS. I think that is about all.

THE SOCIALISTIC LABOR PARTY.

The CHAIRMAN. Is there any other delegation present? I have a card from the committee of the Socialistic Labor Party. Who represents it?

A VOICE. I do.

The CHAIRMAN. What is your name?

SAME VOICE. R. H. Bartholomee. I have been sent down here to see what time you would receive our committee.

The CHAIRMAN. The committee will meet here to-morrow at eleven o'clock, and will hear any person who comes to offer evidence. Is there any one else here?

VIEWS OF MR. HUGH M'GREGOR.

In reply to the last interrogation—

HUGH MCGREGOR, of 421 East Fourteenth street, New York City, by occupation a jeweler, asked permission to be heard by the committee. His request having been granted, he spoke as follows:

Congress has at length recognized the fact that the working people of this country, as well as the working people of all other countries, are suffering. Congress desires to know the reason of this suffering. That is a very vast subject; it is an immense subject. I, as an individual, have my opinions of the reasons, but I would like to say a word now upon remedies. I think the best thing Congress can do, if it really wishes to do something for the working people, if it really wishes to take any progressive action, is, first of all, to understand the disease that labor and society in general is suffering from. To understand the disease, then, I think that a ministry should be formed. You know you have a Minister of War and of the Navy. These departments are well looked after. But industry, it seems, is neglected by Congress. Now, in this age of the world we men to-day have to work. In past ages men got their living by fighting, robbing. To-day society, and the individuals composing society, must have moral reasons; they must get their living by industry. I claim that every individual has a right to get his living by working. Now, seeing that the design of mankind in general is an industrial one, I think it is the duty of the Government of the United States, of all the governments of the world, to consider primarily industrial questions rather than military questions. Therefore I demand that a coordinate branch of government be established.

By Mr. RICE:

Q. A bureau?—A. Yes, sir; a ministry of labor.

Q. You don't care what the name is so long as it be a department?—A. No. This department should, first of all, know the number of people that exist in this country. They should first find that out. Then they should classify these people according to their occupations. They should then know how they live, how they get their living, and what their living consists of; that is, what they earn, how they get their living, what are their profits, what are their wages, and such like. Then they should find out what the people know, what is their education, what are their means and opportunities of education. Then they should know how the people live, what are their surroundings, what kind of houses they live in; whether they are healthy or not; their sanitary condition; how long men live in the various branches of labor; how long a stonecutter lives, a tailor; how long a man living upon interest derived from money lives, and such things as these. It should be the duty of the government to gather in all these statistics; and until that is done, gentlemen, until we know what we are talking about, there is no use. I was listening when the request was made to bring forward facts and figures as to the number of stonecutters. Now, I will say, the men in the labor movement have not got this information. They can only guess at it. They have not got the means to get it. It is the duty of the state, the people in their corporate capacity, to get it. We have made petitions over and over again to the various States to have this information gathered, and now make this demand of Congress, because Congress is more capable of doing it than any State. There is no reason why each State should not; but the United States Government, representing the whole people, and having the greatest jurisdiction, that is the body which should examine and make this inquiry.

By the CHAIRMAN:

Q. Have you examined the last census of the United States?—A. No, sir; not fully.

The CHAIRMAN Will you allow me to send it to you? You will then find that every-

thing you have stated is in that volume. That work has been done every ten years since 1790, and the coming census will be arranged upon a more complete scale than those which have preceded it. Nevertheless, it does tell the number of stonecutters and the number of jewelers. It gives the information you describe, except the sanitary condition, but the State of Massachusetts has taken that matter up.

By Mr. RICE:

Q. Have you seen the work of Mr. Wright, of Massachusetts, the chairman of just such a bureau as you are speaking of?—A. Yes, sir; that bureau is a sham and a fraud. It has not the power to examine a man under oath. It can't compel the attendance of any witness. This department of the government must have full power to examine all persons under oath or affirmation, and to call for all documents, all accounts, and such like, to get at the bottom truth in such matters.

By the CHAIRMAN:

Q. How often would you have this done?—A. Every five years.

The CHAIRMAN. Under the Constitution it is done every ten years, and in the State it is done five years thereafter, so that you get it every five years.

Mr. MCGREGOR. It would not matter whether it took place every ten or five years, but you understand that I mean that the census should be extended in its operations; that a scientific classification of the various matters should be made.

Q. Have you seen charts (published forms) giving the social condition, all worked out upon diagrams?—A. Yes, sir; I have seen many charts based upon the census.

Q. These particulars are published by the government.—A. Whether they were published by the government or not, I do not know; but they were based upon the census, giving the density of the population, and the rain-fall, and such things.

Q. All social conditions are given in the same charts, and the divisions of labor and the professions?—A. Yes, sir.

Q. And the state of education?—A. Yes, sir.

The CHAIRMAN. Every fact pertaining to social life is there given.

Mr. MCGREGOR. Do they show the hours of labor in the various trades? Do they state how many days in the year a man is employed, or a woman or child?

The CHAIRMAN. Not in the United States census. In the Massachusetts bureau they do.

Mr. MCGREGOR. There is an attempt to do that in Massachusetts. It is the duty of the United States to establish a department of government that shall fully investigate this subject of labor in order that we shall know what we are talking about.

The CHAIRMAN. You want more information; you want to extend the census so that it shall cover larger ground than it now does?

Mr. MCGREGOR. Yes, sir; and I want the inspectors to take every means within the limits of morality to gain that knowledge, by calling manufacturers and workmen before them, and examining those persons under oath, calling for their books of accounts, rules and regulations, and such things; every manufacturing or industrial occupation should be inspected by inspectors at stated seasons to see that the conditions under which the people are forced to labor are not prejudicial to their standing as men and citizens.

The CHAIRMAN. If you go to the Cooper Union, where you will find the census, and see what is omitted from that which you think ought to be included, I think the superintendent of the next census will include every thing of public value, and will be glad to do it.

Mr. MCGREGOR. The report should be made in the shape of details, and should contain suggestions as to the appropriate legislation to remove those evils under which we are suffering. Gentlemen, I tell you as a man who has worked with the people, and understands them pretty much, you have got a dreadful mine ready to burst. You take the most ignorant man, take any workingman, and speak to him, and you see the smouldering element of discontent, and that discontent is ready to burst out at a moment's notice, and nothing but a sweeping change, nothing but a radical, honest attempt to remove those evils will ever satisfy the people. It is no good playing with this question.

The CHAIRMAN. Your recommendation is to get information in the first place?

Mr. MCGREGOR. Yes, sir.

The CHAIRMAN. Do you go beyond that? Do you recommend more than that at this time?

Mr. MCGREGOR. Yes, sir; I demand that the same as the Department of War, the Department of Industry be established. When that department is established and when they have gained imformation, then they must propose to Congress proper legislation to remove the evils of which they become cognizant. It is no good one man getting up and performing a little bit of reform here, and a little bit of patchwork there, as our laws are made to-day; we want a comprehensive scheme. Perhaps

an amendment of the Constitution may be necessary in order to establish this department.

The CHAIRMAN. A department can be established by law. Congress can establish it. It wants no amendment of the Constitution.

Mr. MCGREGOR. Yes, sir. A limitation of the hours of labor is one of the first things to be done, because the productive capacity of society is greater than its ability to consume, under existing conditions. That is, I want a pair of shoes just now very badly, but I am not able to get shoes because I have other demands, for instance, a doctor's bill to pay, and such little things, but I would buy those shoes if I could get the money; I cannot get the money because my work is intermittent; I don't get full work. There are many workmen and there is little labor for them to perform.

By Mr. THOMPSON:

Q. Do you say that Congress has a right to pass a law limiting the hours of labor, except for its own employés?—A. Yes, sir; Congress is intrusted with questions of public safety, and there is no limit to the power of Congress, except the limit of morality.

Q. But the Constitution leaves to the States, does it not, a great many things, and only takes to itself what is especially granted?—A. Whenever the people of the United States, or any other country, see that certain necessities exist, it is within the power of that people to change the Constitution and to change their laws in order to meet the new necessities that spring up. A new necessity is sprung upon the world to-day, which has been growing for a long time; that is, how to give the people work. It has been formulated by the revolutionists as a demand to the right to labor.

By the CHAIRMAN:

Q. You say you want a pair of shoes. Do you think it would improve your chance of getting them to reduce the number of pairs of shoes in the market?—A. No, sir.

Q. Do you think it would increase the employment of the people who make shoes to cut down the machinery employed to make them?—A. No, sir. Seeing that men, by the means of machinery, can produce so much more to-day than what they could twenty or fifty years ago; seeing that there are all the elements of wealth in the world—there is plenty of wealth, and the necessities of men are greater to-day, owing to their improved civilization, than they were yesterday—we demand that every man shall have a chance to share in this improvement, and since there is less work to be done, owing to the introduction of machinery, therefore we have got to equalize the chances of getting work, and if you first of all cut down the hours of labor to eight hours, you will give so many more men a chance to get work, and if all the people cannot find employment under that reduction, then cut them down to six hours; but it should be the work of this department to gain the facts.

By Mr. THOMPSON:

Q. Do you think the number of laborers is reduced by the operation of machinery?—A. Yes, sir.

Q. Do you suppose there are fewer men making shoes now than before shoe-machinery was introduced?—A. Yes, sir.

Q. Fewer men making cotton cloth than before machinery was introduced?—A. Yes, sir; and I will show you how. England's commercial supremacy is established on the fact that she went into the production of cotton. Machinery was invented, and the first thing to be done—the first thing that was done—was turning out the able-bodied men and the employment of women and children; and so great has that evil become that you can go through Lancashire to-day and see the able-bodied men loafing in the public places, and in the market places, and in the highways, perfectly idle, and they go home on Saturday night, or whenever the women are paid—they go to their wives and collect enough money from the women for their drinking money. The head of the family has become a degraded loafer, and the women and children have to work. And to such a degree has it gone that the British Government has stepped in and made very stringent laws. For instance, that no child shall work more than four and a half hours a day, and cannot work that length of time unless it has been previously four and a half hours to school that day or the day previous; but for every modicum of labor they perform they must receive a modicum of education.

Q. Didn't women use to spin your yarn before machinery was introduced?—A. Yes, sir.

Q. Didn't women use to do that work proportionately in as great numbers to the work done then as they do now?—A. Yes, sir.

Q. Are there not more men really now, proportionately to the population, employed in work on those cloths than there were before the introduction of machinery?—A. That don't matter. We have got to start fair in this thing. We are not dealing with individuals, and we cannot deal with individuals. You are the representative of a nation, say; I am the representative of a family. You have got the nation to look after; I have got my family to look after. There are my wife and children; it don't

make any difference who makes my bed in the morning as long as the bed is made, as long as the place is kept clean. If a man who is fitted to labor is degraded into being a loafer, while the woman who is weak, and who is to bear future generations, is compelled to stand at the loom, and produce stunted and half-developed children, then I say something wrong is going to happen. Now, I say there are less men employed now. Go out in the country and see the tramps. The journals say that these men won't work. Is that not a libel upon our common humanity? Of course those men would work if they could get the work to do under anything like decent conditions, and there is many a man who will not labor because he is a man and won't accept the degraded conditions. It is true there are some men who are tramps because they won't work; but is because they have got some manhood in them, and they won't accept of work for sixty cents a day. What can we buy for sixty cents? I say there are less men employed, that the people are being reduced, civilization is being destroyed, and we are returning to the nomadic state.

By the CHAIRMAN:

Q. Prior to the panic of 1873, was there not, generally, employment for every one at good wages?—A. No, sir; but more general than now.

Q. Was there not generally employment for every one then at good wages?—A. No, sir.

Q. Was there not any quantity of men trying to get laborers whom they could not get?—A. For a short time.

Q. For a considerable time?—A. For a year or two.

Q. For more than two years?—A. Yes, sir.

Q. Say from 1864 to 1872, there was an abundant demand for labor over the country?—A. Yes, sir.

Q. Why has this change taken place?—A. Certain operations have been progressing for a long space of time—for 300 years. There has been a steady development of labor-saving processes and machinery. It has been steady, going on continually all the time. Now, at a certain time war broke out in the United States, making a disturbance; money was put in circulation. There was great destruction of property; that had to be replaced. There was a general demand for labor; we will admit that, at a certain time; but that was only temporary; as soon as the waste was destroyed, the old condition of things returned. That general demand for labor was merely incidental.

Q. Prior to 1860, from 1851 to 1860, did we have an era of prosperity or an era of depression?—A. We have had constant alternations of what you may call prosperity.

Q. I mean by prosperity an active demand for labor at the current rate of wages?—A. There have been periods of depression.

Q. Does it differ now from what it was in 1837, in 1847, and in 1857?—A. Yes, sir.

Q. There is a great difference?—A. There is.

Q. What is the difference?—A. The difference is this, that less men are being employed, and that more women and children are being employed. The task of supporting the families depends upon the women and children to an immense degree.

Q. Do you mean in this country?—A. In this country, and the same in all other countries. Those facts are generally peculiar to no one country, but embrace the whole of the civilized world.

Q. Do you think the women on the continent of Europe are working more in the fields than they formerly did?—A. There are different degrees and departments. In England, since the introduction of agricultural machinery, the field gang has been displaced.

Q. Has that been a benefit or an injury to the laboring classes? Was the field gang a desirable thing to exist in a civilized community?—A. Is it a benefit for a man to be a slave? I will say yes; at one time it was. It was better that man should be reduced to slavery and compelled to labor under the lash than that he should be sacrificed as a prisoner of war; but is slavery right to-day, under the condition of things that exists?

Q. The question is whether the field gang was an advantage, and whether it is not an advantage that the field gang has been displaced by machinery?—A. It is an advantage, but what we want is this: that when we displace labor under degraded conditions, or degrading conditions, we shall have work under better conditions.

Q. What has become of the field gang?—A. In the work-house.

Q. But the number of paupers has been diminished?—A. We have got to take into consideration the fact that the spirit of humanity has been developed in England. England has assumed a brighter national aspect; the people have taken higher grounds; they have got a more deepened spirit of humanity. Private charity has increased to an enormous extent, and people now are supported in England by voluntary associations to an extent that would have been astonishing years ago.

Q. You mean trade organizations?—A. Voluntary charitable organizations.

Q. The question is, what has happened to this field gang, who would naturally go

into the poor-house, but who are not found there, because the number of paupers has diminished?—A. A great many live on charity.

Q. In passing over England the last year, I didn't find the beggars—I didn't find where they were living.—A. If you read the papers carefully, you will see every now and then the arrest of a begging-letter impostor.

Q. That is no more than it has always been. You mean to say the government should become the great employer?—A. Yes, sir.

Q. And that all persons should be employed by the government and paid wages by the government?—A. No; you understand the position I take. I am not a communist. Therefore, I do not believe in equal wages and the employment of everybody by the government, as that might result in a despotism.

Q. Suppose the government took all the machinery into its possession. You say it is the machinery now which employs labor?—A. Yes, sir.

Q. Displaces some and employs the balance. Would it not then employ all the labor practically?—A. Yes; but I don't wish you to misunderstand me. I am not in favor of the government possessing all the machinery and employing all the people.

Q. Where would you draw the line?—A. I ask for the establishment of a bureau which shall gather facts and figures, and, when that is done, you and other men will be able to make a correct theory.

Q. Now you come back to your original proposition.—A. I am not a communist. I am a socialist. I believe in every man having the full result of his labor, and no more, except in cases of sickness and old age.

Q. How will you arrive at that rule of division?—A. I want to know.

Q. That is what we all want to know.—A. Therefore I want the goverament to gather the facts and figures on which to form a theory. I am dissatisfied with the communistic theory—not but what communism would be infinitely better than the present system of society; but I am afraid it might result in a despotism of a few men, as we can see in the Oneida community, under the rule of Noyes. I may be too timid, but in view of the necessity that meets us to-day, I would accept communism if nothing else was possible rather than see men dying upon the streets, as I have seen a fellow-workman with his child lying dead, that died for want of food, and he had not the money to bury his own child. He had to beg to bury his child.

Q. Do you think the misery of the world is increasing?—A. That is a very broad question.

Q. The real point of the question is whether machinery and other things have absolutely increased the misery, or whether, in other words, the average man is in a better average condition than he was formerly, or in a worse condition?—A. I believe society occupies a better position to-day than it ever occupied in any past epoch; but what we are trying to get at is just this: Have the working classes, and do they get, their proper share of this property?

Q. There are evils and wrongs, but the question is whether with this introduction of machinery which you think has been an injury, the average condition of man is not better than it was in any previous age?—A. I view this matter from a better standpoint. I am not working for the greatest good of the greatest number; I am working for the welfare of all, being a socialist.

By Mr. THOMPSON:

Q. What you mean is, although society has improved, you want it to improve more?—A. Yes, sir.

Q. You think that the lower classes, who, a hundred years ago, were oppressed beyond what we would think was endurance now, with their intelligence, with their advanced condition, should be advanced still further in the social grade?—A. Yes, sir.

Q. That is what you yourself want—to gather a formula to enable you to help accomplish it?—A. Yes, sir.

By the CHAIRMAN:

Q. You would like to remove what suffering still remains. That is the great object of this inquiry.—A. And, if you will please, when you go back to Congress, introduce a law, or recommend the passage of a law—no more stringent than is necessary, but let it be sufficiently stringent to do its work—to gather the full facts in regard to those things.

The CHAIRMAN. Congress adopted a resolution in regard to the coming census the result of which will doubtless be to provide for almost all the things you refer to, and, if you can suggest anything to Mr. Walker, the superintendent, it will attract his attention. A letter addressed to Francis A. Walker, Superintendent of the Census Bureau, Washington, D. C., will find him; but the area of investigation will doubtless be very much enlarged.

Mr. THOMPSON. The only new point the gentleman suggests is that this information should be taken under oath.

The CHAIRMAN. You made that proposition, that we should introduce a law by which

other people should be compelled to testify under oath. The law says you shall either take an oath or affirm in the presence of the ever-living God.

The WITNESS. No; excuse me.

The CHAIRMAN. If you deny the existence of the ever-living God, your testimony won't be received.

The WITNESS. I do not believe in God.

By Mr. BOYD:

Q. You cannot make other people obey the laws and you not obey them yourself.—A. I obey the law, and am willing to obey the law.

Q. Are you a Scotchman?—A. No, sir; I am English by descent.

Q. You were talking about England a few moments ago, in regard to the increase of her charities and charitable institutions, public and private.—A. Yes, sir.

Q. Do you consider that an evidence of a healthy condition of society?—A. No, sir; I consider it as an evidence of a deepened morality, but I consider it a wrong economic condition.

Q. You do not view the increase in the number of charitable institutions as evidence of an improvement of the temporal as well as other interests of the people?—A. No, sir; not as a national progress. It marks a disease, that the necessity exists for the exercise of those charities.

By Mr. THOMPSON:

Q. Do you think that all these charitable institutions which we have in the States—the insane asylums, the hospitals for inebriates, and the various charitable institutions—on the whole mark a diseased state of society; is that it?—A. No, sir; I would not say that. I would say the increase of those establishments marks a deepened source of morality, of philanthropy. There are certain hospitals for accidents, which are necessities, and which must be necessities under any condition of society; but I say the necessity for the existence of many of the charities which exist marks a low economic condition.

Q. That is what I understand you to say. Do you think on the whole that the condition of the poorer classes is benefited or injuriously affected by the increase of those charitable institutions?—A. I am not prepared to say; but I know it has an effect, and its effect is often degrading.

Q. I would like to have your judgment whether, on the whole, the poorer people are to be helped by governmental assistance when they could get along without it rather than to be left to suffer a little and get themselves out of it by their own efforts if they can possibly?—A. I am in favor of the people doing everything for themselves as far as possible.

Q. And on the whole their condition is improved by doing it for themselves—by acting independent of all assistance, and only being aided when actually they would suffer beyond endurance if they were not aided—is that it?—A. Yes, sir; I believe that in the struggle to attain a thing our powers are deepened by the struggle, and we become better fitted to meet difficulties in the future.

Q. You have reached the same conclusion that I have?—A. I take the position of the practical economist.

Q. Apply that same result to the general evils under which society is at present suffering—this extraordinary depression—would not society, on the whole, be improved by patiently and quietly working out of it, even with a good deal of suffering, rather than by an interference on the part of the government directly to aid and remove their suffering by itself affording relief. Are the cases parallel—the one which you have just expressed your opinion about, and the one to which my present question refers?—A. I will put a parallel. Two days ago my child had an attack of cholera infantum. I put him into a bath, and put a strong mustard plaster on his stomach. The child recovered, but there was pain. I had to hold the child, because the plaster burned him. So I regard this whole thing. I would like the people to come together from the force of their own intelligence.

Q. You want such inquiries to be made, and the information obtained by the government as will enable them to do so, rather than any special legislation?—A. Ah, but while the people are being reduced to tramps, then those people always must be preserved; and if it cannot be done in any other way than by the government interfering——

Q. But the government does interfere?—A. Don't you know the law passed out West, that a man shall be sent to prison for two or three years if he is caught tramping along the road without any visible means of support? That is reinstituting slavery. I say the government ought to provide for everybody if the people cannot get it, because men have got to be supported by society. All men have got to be supported by society. Morally, society has arrived at that decision. That is the moral decision of society, that all men have got to be supported, either as a workman, as a pauper, as a criminal, as a prostitute, or by charity.

By the CHAIRMAN:

Q. I understand that practically the demand is that we shall secure all the information we can get on this very important subject?—A. Yes, sir.

Q. That is as far as I understand you to proceed now?—A. My demand is simply this, that a governmental department be founded.

Q. When I say "we," I mean representing Congress.—A. Yes, sir; and that they suggest appropriate legislation.

VIEWS OF MR. CORNELIUS O'SULLIVAN.

CORNELIUS O. SULLIVAN appeared and offered to give evidence.

By the CHAIRMAN:

Question. Are you a granite-cutter?—Answer. Yes, sir.

Q. The subjects which this committee is to consider are the causes of the depression of labor and the remedies for those causes. As far as possible, confine yourself to that general subject.—A. I will endeavor to do so, though coming here, I didn't anticipate meeting the committee to-day, and my greatest object in coming was to obtain an interview at as early a date as possible, when I would produce facts and figures to substantiate my statement.

Q. You can make the statement now, and submit your figures in writing.—A. Yes, sir. Like all other trades, ours undoubtedly is depressed, but the cause is materially different. As you are very well aware, our government has been doing a large amount of granite work since 1870. Prior to that time the condition of the granite-cutters in the United States was very comfortable. The amount of labor that was then exacted from them was only a reasonable amount, and didn't tax them physically any more than they could very well bear. At the introduction of these public buildings (and this is the great evil which I wish to impress upon the minds of this committee), you must bear in mind that there was then a great demand for that class of labor throughout the country, and you will also recollect that these buildings, even the building that we are now in, was let out in a measure under the control of contractors, though being executed by the government, and these contractors, for simply looking after the work, received 15 per cent. upon the entire expense of the cost of executing the work upon these buildings—I mean the dressing of the granite. Then, sir, you must bear in mind that, under these circumstances, it was a matter of secondary consideration to the contractor whether he employed a practical mechanic or not. If the work cost him more, he received more in percentage, and, possibly, if they were not very conscientious about the matter, they might have employed very indifferent workmen, and in this building, in the execution of it, I know to my own certain knowledge that there has been a large number of this class of workmen employed at the expense of the government.

This is to show you that the employment of such men and the instruction of them was detrimental to our interests, and in time it glutted the market for our class of labor, and the man who legitimately acquired a knowledge of his trade suffered proportionately. Now, then, when the people cried for economy this percentage system was removed, and we have at the present time a contract system, something certainly that never should be tolerated by the government or the people of the United States. Let me give you my reasons for saying it should not be tolerated. During the administration by the government of those affairs there was a certain amount of attendant labor, timekeepers, &c., which created an enormous expense, and in many instances a very unnecessary one. This by the contractor is entirely dispensed with, and the mechanic has to attend to it himself, and what is the compensation? Strange it is, but true. To-day, upon the government buildings, that the government is paying for, the contractors get 33 per cent. of the original cost to the government, minus the 15 per cent. That is about how this work is figured. Prior to the introduction of this contract system, when employment was scarce, a large number of mechanics made a practice of flocking down to those islands where those stones were being dressed, and during their stay there the contractor offered them work with scarcely any compensation at all, with the inducement that by working for a certain period upon this work for them they would be employed eventually by the government. Now, then, sir, by those means they got this contract work for such a low figure that these contractors could afford to come in here, into New York, or any other city, and underbid any contractor in it, and, as a result, forced many of us to leave our homes, because the contractors in this city could not compete with those down East, as a contractor here had at least to give the workmen a sufficiency to sustain his family, else the workman could not live. The man on the islands lived in anticipation of being employed by the government, and for the period he was employed in this way he cared not as to the amount of compensation received.

Q. How long a period was this?—A. This period varied. A man might go there to-day and work a week and be put on the government work. He might work a fortnight

or six weeks. That was governed entirely by circumstances. The period was not limited in any individual case.

Q. They went down there to get on the government work?—A. Yes, sir.

Q. But the contractor said, "We cannot put you on the government work now; we will put you on other work for government parties, which they have at a low price, and by and by we will put you on government work."—A. "Will put you on this contract work we have."

Q. I did not understand there was contract work and government work going on at the same time?—A. Then understand it now.

Q. I thought the government work stopped when the contract work began?—A. On the contrary, those works were conducted side by side, and by the same firm, or rather under the jurisdiction of the same firm. The Bodwell Granite Company at the same time employed about 150, or perhaps more, stonecutters on contract work, and right across, or rather on the same plot, the government sheds were. Now, then, getting nearly through with that subject, we find at the present time that this contract system is still held, and even countenanced, by the government, or, at least, we don't find that there has been any of the evils removed; for in this same Bodwell Granite Company there are men employed on the government work under the circumstances that I have just described, and their compensation is precisely as I have just described it in proportion to what they had formerly received for the same class of work.

Q. Is there any government work going on now on the present system?—A. None that I am aware of. There is none whatever The suppression of the percentage system was when this contract system was introduced, which I hold is still more outrageous—much more so by far than the percentage system, because it gives labor no chance. Then the laborer, or, rather, the mechanic, received a certain stipulated price for his day's labor, and it was no cost to the contractor, because the more he paid the more he got in percentage.

Q. You would not recommend the continuance of that system?—A. Certainly I would not; but what I would recommend is this: that when it is made manifest, as it has been that the government could take these works and execute them fully as well and at a less cost than it was then paying the contractor it should do so. Let me here be understood distinctly that I trace all the evils under which we have been laboring directly to the management of the government, because if it had taken hold of this matter and conducted those public buildings it would then employ about 30 per cent. of the entire granite-cutting element of the United States. Now, you must bear in mind this would be a great advantage to any trade and it would relieve it very materially from any sense of depression. When an outside and independent influence employs one-third of it and does it at a good, fair, reasonable compensation, it never allows the market to be glutted.

Q. I understand you to say that you are suffering from the fact that the government has been interfering in this business; that that is the cause of your present suffering?—A. As I have described it, but in no other way. I have given you the reasons why, and in no other way. Now, then (producing a newspaper), here is a journal that we publish monthly. Many are prejudiced against trades-unionism. Such a thing as that never was heard among us in this country until this system of persecution was inaugurated against us. We appealed repeatedly not only to State legislatures but to Washington, and repeatedly presented our grievances in what I should consider a very intelligible form, and never yet received any redress.

Q. To whom did you appeal?—A. This question was fully and clearly represented to a commission appointed—I think it was in 1877, with Captain Casey as chairman of it.

Q. Appoined by whom?—A. By the Secretary of the Treasury, I think.

Q. Not a Congressional commission?—A. No, sir; it was not. We have simply combined together in this union. Recollect we are nearly all Americans, and we have a membership, and included in this body are some seven hundred honorably-discharged soldiers—men certainly who have some claim upon the government. I am one myself, and I have no reason to blush when I say that I left a good, comfortable home when but sixteen years of age and remained, sir, until our starry banner came out triumphant on the battle-field; so that we have some little claim on the government. Now, then, we are banded together for the purpose simply, through this journal, of making the public acquainted with our grievances. There is not a solitary particle of what you might consider an arbitrary or unjust spirit pervading our organization. It is entirely American and entirely republican and simply for the protection of our trade.

Now, then, to show you the prejudices under which many of us who have made it a point to present this question from time to time to the proper authorities have labored, you will, probably, by looking over that paper, see an extract from an Albany paper where I used some remarks in Albany, and the substance of those remarks was against the government and its management of public works. At this time I was employed on the new post-office building in Albany, and, sir, because I dared give utterance to anything against the government, I was dropped from the roll, and I would not even receive a hearing by the superintendent, Edward Ogden. To bring anything against

me as to my ability as a workman, he could not. On the contrary, I had to instruct men who were put there by political influence who had never worked a day at the stonecutting trade—told by the foreman to instruct them—and those men signed the pay-roll as mechanics and received the same compensation that I did. Now, then, sir, these are the influences, that I wish to impress upon your mind, that are depriving us of a just compensation, that are forcing many of us from our homes, and that are depriving our little families and those who are depending upon us of the necessary comforts of life.

Q. You mean the employment of men who are not good stonecutters on public work?—A. Yes, sir; and, as a consequence, in time increasing unnecessarily or unreasonably the amount of that class of labor. Let me describe the reason why. If these men had to serve a legitimate apprenticeship, or were forced, the same as I was, to give two or three years of their time to acquire a knowledge of this trade, in all probability they never would adopt it; but having the opportunity, through political influence, of acquiring a knowledge of the trade, and at the same time receiving as much as a competent mechanic, you cannot blame them for acquiring this knowledge.

Q. What would your remedy be for that state of things?—A. The remedy that I would suggest is for the government to do entirely its own work. Where there is any public work to be executed, let the government do it exclusively itself, and allow no politicians to have any control over it.

Q. Give us the receipt for getting rid of the politicians?—A. We will take the chances in that case. Let the government do it.

Q. The government works through certain agents. These agents are put in power by political influence, and you and I know enough of the business of politics to know that politicians have their friends appointed. How are we to stop that?—A. It is a very strange question for a man of your legislative experience to ask me.

Q. That is a kind of work in which I am without experience, and therefore I want to know how we can stop other people from having it done.—A. So far as that is concerned, I don't think I will enter into it.

Q. But you said that was the cause of your trouble.—A. I gave that as one of the causes.

Q. What is the remedy?—A. You must bear in mind, Mr. Hewitt, that at the present time we are not laboring under that grievance. During the percentage system we were, but we are not at the present time.

Q. You say you would have the government do its own work?—A. Yes, sir.

Q. Would that not bring about the very evil you complain of, of politicians getting men appointed as stone-cutters who are not stone-cutters, and who are appointed as you say they are?—A. I will agree with you when you say there are no honest people in the country.

Q. I have not said that; I know a good many honest men.—A. I do hold that we have some honest men, and as fast as we find one dishonest—using a vulgar phrase—"bounce him." Now, the principal remedy for this is for the government to take exclusive control of the public buildings itself. It certainly can be proved that it can do it, and, at the same time, economize. It can do it at a less cost than it is already paying, and, at the same time, pay the mechanic a fair compensation. It is its duty to do it, and certainly it should. Now, sir, under this system, you will perceive that you simply give power to a monopoly to oppress a certain class of mechanical labor. Mr. Bodwell, the principal of this Bodwell Granite Company, which is one of the leading companies in the country, prior to their receiving government work, some of the boys have told me, used to be a bull-driver. However, that is nothing at all against the man; but, sir, through government money and government patronage he now controls a most powerful influence in our department of trade, and to-day, if you take government money away from him and government patronage, he would stand equally upon the same footing as any of your New York contractors.

Q. How are we to deprive him of the contract if he is the lowest bidder?—A. He does not bid for those government contracts.

Q. At present?—A. No, sir; he does not. Now, you see, they are receiving such an enormous amount for this work that they can afford to lose money on other work, and they can come into your city the same as they have done in the last twelve months and take nearly a million of dollars out of it in your East River bridge contract. Many of these contractors claim that the transportation of this stock in its raw state before it is dressed, that the extra heft of it carries the amount of freight over and above what it would cost if it was dressed; that they have a complete advantage over any one else, and, as a consequence, can underbid them. Now, sir, I hold there is not a stone to-day, of any good quality, but necessarily must be, when cut in the quarries, boxed to protect the work. Now, sir, the cost of boxing these stones amounts to more than the extra cost of freightage for the raw material. Consequently there is no economy whatever in having the work dressed in any of those islands. The government should study this matter closely, and it could certainly satisfy itself that it would be economy to itself, justice to the people, and fair dealing to the mechanic to execute the

work where the building is going up, and allow no contractor to have any dabbling in it whatever. My statement is closed, gentlemen, unless you have some questions to ask me.

Q. Under that system you would still have the politicians putting the men on the work. I don't know how it could be prevented.—A. I have come here in all sincerity—come here in my own time, refusing any compensation, come here because I am conscientiously satisfied of the injustice under which my trade is laboring.

By Mr. BOYD:

Q. The only difference it would make is, it would give the politicians control over the laborer instead of the contractor.—A. I recollect when I was a boy—and I was brought up in a locality where they had a good deal of stone-work, in West Rhode Island—that they used to do some fortification work. Most of those men having charge of this work at that time were engineers belonging to the United States service, and I presume, gentlemen, conscientious, honest men. We never heard of any such thing at that time. Now, sir, do we possess such men to-day? That is the question. If we did, I think politicians would have no control; but in my individual case—just look at it, that case I have cited to you in Albany—a man who has served his country honorably throughout the war, thrown out of employment without a word of satisfaction.

Q. Who discharged you there?—A. Superintendent Ogden.

By the CHAIRMAN:

Q. If any man in my district had written to me that he had been discharged, and been refused a hearing, I should have gone to the Secretary of the Treasury and demanded an investigation, and, if found true, demanded the discharge of that superintendent, and if it was not done, I would have brought it up in Congress and stated the fact, so that the whole community would have known it. Your error was in not going to your Representative; I believe there is not a Representative in this State that would not respond to such a demand as that, because it ought to have been exposed at once.

Mr. O'SULLIVAN. Possibly; it ought to be the case. It is not often that men in my sphere in life can communicate with Representatives, and what is the ultimate fate of their letters? They are committed to the waste-basket.

The CHAIRMAN. No; I get communications every day from my constituents, and I don't think one has ever been allowed to go unanswered. I think that is the rule of members of Congress that every man gets his communication answered, and it is one of the hardest duties of a member; so I don't think you do them justice.

Mr. O'SULLIVAN. I don't want to do them any injustice. I will tell the truth, if I can do it, and if I cannot do it, I will come as near to it as possible.

The CHAIRMAN. I know of no way in which you can stop an abuse, except by exposing it and demanding redress.

Mr. O'SULLIVAN. You are here for that purpose. There is not an expression I have used to you to-day but what I am prepared to prove on affidavit.

The CHAIRMAN. If you will send me an affidavit of those facts, I will forward it to Washington at once.

Mr. O'SULLIVAN. Very well, sir.

The CHAIRMAN. You don't know who your Representative is?

Mr. O'SULLIVAN. No; my stay in the city of New York has not been very long. I have been down East a good deal, working on those government works, and I have never paid any attention to those politicians any way. I don't know but I might be better off if I did.

Adjourned to August 2, at 11 o'clock.

NEW YORK, *August* 2, 1878.

The committee met pursuant to adjournment.

Present, Hon. A. S. Hewitt, chairman; Hon. J. M. Thompson, of Pennsylvania; Hon. W. W. Rice, of Massachusetts; Hon. Thomas A. Boyd, of Illinois.

The CHAIRMAN. At the close of the session yesterday, the committee agreed to hear a delegation represented by Mr. Bartholomee. We are ready to proceed.

VIEWS OF MR. ROBERT H. BARTHOLOMEE.

ROBERT H. BARTHOLOMEE appeared and made the following statement:

By the CHAIRMAN:

Question. I understand you are chairman of the Socialistic Labor party of America?—Answer. Yes, sir.

Q. How many members?—A. We are an organization all over the United States. This committee here to-day represents the main section of New York.

Q. How many members are there in the main section of New York?—A. There are four branch sections in the city, an American section, a French section, a Bohemian section, and a German section. The four sections combined form what they call the main section of New York, in numbers between 1,400 and 1,500, all told. We have got more on the list, but those that don't come up to the scratch we don't call members in good standing.

Q. Are they chiefly American citizens or foreign?—A. They are mostly all American citizens. A great number of them are of French descent.

Q. I speak of their citizenship merely.—A. Yes, sir; they are citizens.

Q. Are you an American citizen?—A. I am, sir; and have been brought up in the city of New York, and received a public school education at grammar school No. 20, Christie street, between Delancy and Rivington, New York City. Our committee has not come here to represent, as you will find out from the name of the party, any trade union; because the organizers—the members of our party—have recognized the necessity of a radical change in the government, especially in the distribution of the results of labor. We, therefore, represent not one trade union, but the people at large. That is our case.

I presume there is no need for me to call your attention to the existing distress among the people, for that is the object which you are in session here for, but to show why the existing evil is among us; and we claim, in the first place, that the cause of the evil is the unnatural relation between capital and labor, the unnatural relation in distributing the results of labor, or perhaps better, between production and consumption.

We hold—and the statistics of 1869 and 1870 will sufficiently prove that our statement is a correct one—that during the year of the last census there were employed in 283 principal branches of labor, including agriculture and mining, 4,959,000 hands who received the yearly wages of $1,109,416,000, and furnished to their employers a profit or net income of $1,347,357,000. From this it appears that each employé received wages to the amount of $242 yearly, while the net profit to the employer amounted to $272. That includes the agricultural and mining department; but if you exclude that department the number of hands is reduced to 2,067,000, who received wages amounting to $799,130,000, and furnished to their employers a profit, or net income, of $792,093,000, so that each man on an average had a yearly wage of $386, and furnished to the employer a profit or net income of $383. This is taken from the census of the United States.

This being eight or nine years ago, we are honestly convinced, as members of this committee, representing the party, that times are, if anything, worse than what they were at the time the last census was taken. According to that census the total population of the United States at the time was 38,500,000. The total result of labor amounted to $6,679,000,000; out of which the working or laboring class, numbering 21,000,000, received $51 per head, or $204 to a family of four, making per year a total of $1,085,000,000 for this class. Now, the second class, including clerks, teachers, officials, and non-producers, numbered 7¾ millions and received an annual wage of $189 per head, or $756 to a family. The total amount the second class received, which were only 7¾ millions, was $1,419,000,000. The third class, representing capitalists, numbering to the amount of 9¾ millions, received $428 per head, or $1,730 to a family. The total amount received by the third class was $4,175,000,000.

You there see that the real producers received but $51 per head, according to the census of this government, which is claimed to be correct, while the non-producers received, through the investments of their capital, $428 per head, receiving more for one individual than eight other persons of the real producing class had received. Now, we know that wages have decreased right straight along. I can show it by my shop-book. I have been employed by Mr. Weber, piano manufacturer, corner of Seventeenth street and Seventh avenue, for eight years. I can show the wages I received when I started in 1869, and what I am receiving now. They have always increased the work and decreased the wages.

Q. What were your wages in 1869, and what are they now, a day?—A. I would rather bring my book down and let you copy it off. I was able to make then at my branch of work, regulating fine pianos, $9 apiece, being able to finish four a week, enabling me to make $36 a week.

Q. What is your present rate of income?—A. The present rate of wages is $5 for the same amount of work that we were paid $9 for then, so that we cannot now make more than $15 a week, as I make three instruments a week. They have crowded more work on to us since then, and have reduced the wages; and not only that, but then we managed to have steady work all the year around. I cannot speak of Mr. Weber's shop as one shop in particular, because I will say that his shop is the most steady in the city; but, speaking of the trade in general, it has been as unsteady as any other trade in existence. Men have not been able to obtain more than eight months' work during a year.

Q. Did your wages rise from 1869, through the period of inflation and prosperity?—A. There was an attempt made to advance wages in 1863.

Q. I speak of 1869?—A. No; they did not rise.

Q. They did not rise during the whole period of inflation?—A. No, sir; not one cent.

Q. In 1866 or 1867, when prices were highest, you got no more wages?—A. No; the wages were continued until the crisis set in in this city, and the first reduction came, and that was twenty per cent. off, and then so continued down to the present rate.

Q. How about the purchasing power of your wages now as compared with the purchasing power in 1867 and 1868, when prices were high?—A. That is something I desire to speak of. The purchasing power of the laborer or the mechanic, anybody working for a salary, decreases according as to the amount his wages are reduced. The price of the necessaries of life has not followed the reduction of wages, having the same ratio. They have come down some, but not sufficiently to correspond with the reduction of wages throughout the different trades; therefore by the mechanics or by the working people at large receiving less and less for their labor, their purchasing power becomes so much less every time, and, as a natural consequence, by a man being able to purchase so much less, the seller of these articles, in whatever line it may be, can sell so much less; there is so much less produced, and there are more hands thrown out of employment. Those hands so thrown out of employment become the superfluous stock of labor on the market, and, being non-producers, they are almost non-consumers, thereby again throwing this superfluous labor on the market and inducing others that are working to work for less wages again, thereby again becoming smaller consumers than what they were previously.

Q. If I understand you right, your wages have fallen from $36 a week, which was the maximum, to $15 a week, which is the minimum?—A. Yes, sir.

Q. Have you compared the wholesale prices of the necessaries of life which prevailed during the war, or immediately after the close of the war, with the present wholesale prices of these necessaries of life, to see whether the reduction in prices is not equal to the reduction in wages?—A. I have not compared the wholesale prices for this reason. If you want to purchase a piano as an individual, you would pay the store price. I, as a mechanic, cannot buy a bag of coffee of 20 or 30 pounds or a barrel of flour or sugar; I am obliged to go to the storekeeper and purchase what I need. I am, perhaps, able to buy 7 pounds of flour at one time, because I have no money to invest, and the money I receive is just enough to pay the expense of my family for one week.

Q. If the wholesale prices had fallen in proportion to the wages, and the prices you pay at retail have not fallen, then it follows that the extra profit, as you claim, is absorbed, not by the producer, but by the middlemen, as they are called, the shopkeepers. Have you examined that question, and do you think that is the fact?—A. It is well for you, gentlemen, to ask us whether we have looked into these things. We are perfectly willing to do so, provided we are furnished with the means of so doing. We have gathered all the statistical facts we could; but by the different States and by the United States Government refusing to establish a bureau of statistics, we could not get the proper figures, because we could not as individuals go to anybody and request him or compel him to allow us to overhaul his books and find out what he pays and what the wholesale dealer pays when he receives the raw material. We cannot do this. The different States and the United States Government should establish a bureau of statistics, which is necessary for the people and for the government, for the government cannot otherwise understand the condition of its people; it wants to know how they live and how they are paid and fed; how they are educated, and that can only be obtained by a thoroughly-conducted bureau of statistics.

Q. You have given us some information taken from the census?—A. Yes, sir; I have given you some points here taken from the record of the labor bureau of Massachusetts, and some from the census of the United States also.

Q. Will you explain how much further you want the government to proceed in procuring information than it did go in taking the census of 1870; do you want it to investigate the private business of every man, and how much his profits are?—A. We don't want it; we *demand* it from the government that it shall authorize certain officers appointed for that purpose—appointed or elected, as the case may be. We claim that the officers of this bureau should be elected by the people, and that not politicians and hangers-on should hold such offices, such as has been done in the State of Massachusetts. When Mr. George McNeil was in that labor bureau it was conducted in the most fair manner, although it was not as complete as it ought to be, because the manufacturers of that State refused to give him the proper information, and threatened their employés with discharge if they gave him any information; but even he ascertained so many points that the capitalists of that State had him discharged from that office, and a man placed there wholly incapable of holding that office or conducting its business. For that reason we claim that the officers of that bureau ought to be elected by the people.

Q. What limit would you put upon the functions of that bureau as to private busi-

ness; would you unfold to the public all the details of every man's private business?—A. There is no necessity for that. The government to-day claims the right to go into any one's business and examine his books. The revenue department claims that right.

Q. No; it not only does not claim it, but it has no such right. Let me ask you to what extent you propose to go?—A. We propose, in the first place, that the sanitary conditions of the different factories and mills, workshops, dwelling-houses, &c., ought to be inspected. It ought to be ascertained what wages are paid to the people working in each different employment, whatever they may be; what profit it is that the employers receive from the earnings of their employés; how the money is distributed otherwise than by paying wages; what percentages are paid to stockholders of such concerns—for they are mostly joint-stock concerns; very few are held by any single individual; also, what education children receive that work in these mills; for we know there are thousands of them working in these mills that ought to have gone to school, who never grow up to a properly-developed race, but are crippled by being confined in these factories. There have been laws passed for these children to go to school a certain portion of their time, but they are not carried out. Six months ago a case happened in Massachusetts where a man was beaten because he dared to notify the authorities that a certain mill-owner was allowing the men to go into the factory before the proper hour of day. Such things would be done away with if the proper officers were employed.

Q. In what place in Massachusetts was that incident that you refer to?—A. It was in Fall River.

Q. Do I understand that this investigation is to be so complete into the private business of every man that his profits and losses are to be under the supervision and investigation of the government, and made public; is that your idea?—A. I don't say that they should be made public; they should be printed for reference.

Q. What is the object of the inquiry if it is not made public?—A. If a person is ill, and you, as a physician, endeavor to treat the disease, whatever it may be, you have got to show where the root of it lies.

Q. Who is the physician in this case; who is going to treat the disease?—A. The government. The people ought to do it through their proper officers.

Q. How can they select the proper officers without having the knowledge you have got? If you limit it to the officers the public will never know it. How can they select proper officers?—A. Certainly they can. We are supposed to know the duties of the different officers in the States, and in the United States, and in the cities. We also know the duties of the officers of the labor bureau of statistics, and, knowing their duty, we know whom to elect for the office capable of carrying out the duties of that office.

Q. What would you have those officers do with this information when they get it?—A. Recommend laws to the different States and to the United States Government for the bettering of the condition of the people, because they would see by taking such an account that people are not paid, educated, and fed as they ought to be.

Q. Would they not have to give this information to the public as the reason why they recommend the laws?—A. Yes, sir; they should. According to the table, there are 80 per cent. of the population of Massachusetts in those circumstances; 14 per cent. are in comfortable circumstances, and 6 per cent. are rich enough to live in luxury, showing again by figures that the real producers do not receive what they ought to. We claim that the production, consumption, and distribution is unnatural as it exists to-day in the present state of society.

By Mr. THOMPSON:

Q. Do you hold, if those remedies that you speak of were advisable, that Congress has the power to pass a law regulating this question in Massachusetts?—A. I hold that Congress, being the servants of the people, have to look to the interests of the people, and if they find there is anything wanted to remedy any evil in existence, then they have power to remedy it; and I do believe that the United States to-day, the people at large—the vast majority of them—would hail any real act carried out by Congress, not only on the statute-book, but carried really into effect; I don't believe there would be any objection to it.

Q. Do you think Congress has any power to make purely local laws for Massachusetts?—A. If, in accordance to the Constitution as it now exists, Congress claims it has no right or power to remedy those evils, then you must change your Constitution to change that power. A common trade union goes on from year to year. If they find that their by-laws, as they are, do not answer the times, what do they do? They call a general meeting, or wait for a general meeting to come along, to make propositions, and then change them to suit the times, and the government should do so more than any one else.

Q. If the legislature of Massachusetts should fail to provide a common-school system, requiring children between certain ages to attend school and forbidding those children

to labor in factories, do you think Congress should supply that omission?—A. No, sir; I don't mean it in that sense.

Q. How do you propose for Congress to remedy that?—A. If there is an amendment made to the Constitution of the United States, it is supposed to be ratified.

Q. I ask you if Congress should supply that omission that I have suggested?—A. That could be done if the Constitution of the United States was so changed.

Q. I am speaking of it under the affairs as they now exist?—A. I don't know that that is a material matter to the subject under debate—whether they could do so now.

Q. You are now addressing a portion of the Representatives of Congress, asking, not aid from State laws, but through Congressional legislation. Now, has this committee or the body of Representatives power to do the acts or pass the laws that you suggest?—A. It is not proper to give a question in place of an answer, but under the circumstances I am compelled to do so.

By Mr. RICE:

Q. Admitting that Congress has not the power to do it now, do you think that it is best that the Constitution should be so amended that Congress could establish these laws—these regulations for the different States—instead of having it left to the States themselves? Which do you think would be the best for the people that you represent?—A. I think the Constitution should be so amended that Congress could enforce those laws in the different States.

Q. And you think that more good would be done by leaving it to Congress to do the work than by leaving it to the States to do the work, each in itself?—A. If it were conducted by one government only, instead of by so many different governments under the Federal Government, it might be more just to the people at large.

Q. You believe rather in a central government?—A. I do; I believe in centralization.

Q. Disseminating all things from a central source rather than having it done by local governments in their respective jurisdictions?—A. Yes, sir; I do. I believe in centralization.

Q. That is, you believe that the present system of the Federal Government, the States reserving to themselves these local powers, is rather a mistake than otherwise?—A. That I consider a failure. I do believe there are in this city to-day thousands of bankers and merchants who certainly do not belong to our organization, but who would rather that the laws were more uniform in the United States, because you know better than I can tell you that the laws differ so much in the different States of the United States, that they come in conflict with one another in all sorts of business.

By the CHAIRMAN:

Q. You have given us now some extracts taken from the census report and the labor bureau report of Massachusetts, of the difference between the earnings of different classes of the community. Have you investigated, or have you an opinion as to the causes of that difference of compensation to different classes in the community?—A. Yes, sir; we have an opinion formed according to our honest conviction, and, having investigated the matter, we think we know the cause: In the first place, we all know that machinery has constantly been improved. It is being more and more used, you might say, every day. If you look at the record of the Patent Office and find all the patents that are taken out for improvements of machinery and new inventions, those facts would be established. By the introduction of machinery in mechanical labor and also in agricultural labor, thousands and thousands have been thrown out of employment. It is well known, and true, that there are many people employed in manufacturing these machines, but not a tenth are so employed that are thrown out of employment by the use of these machines.

By Mr. RICE:

Q. I would like to repeat the question to you that I proposed yesterday, or that some of us did. Do you think that production has been greatly increased by machinery?—A. There are two ways of answering that. It has been increased in one sense of the word; that is to say, the people or the manufacturers can produce quicker, faster, than they were able to with manual labor; but in quantity it has not been increased so much.

Q. Supposing there had been no machinery, against which you are now complaining, would there not have been a great many fewer at work on those things which are produced by the aid of machinery than there now are?—A. I believe not. I think there would be more employment than what there is now.

Q. On those articles that are the product of machinery?—A. There are some products that could not be produced without machinery.

Q. Suppose there were no boot and shoe machinery; do you believe there would be as many people at work on boots and shoes as there now are?—A. I think there would be more.

Q. You think there would be more people making cotton cloth, more people making

woolen cloth, if there had been no machinery, than there are as it is?—A. Going back to the ages before machinery came into use, a great many of the people used to make these cotton cloths themselves. It was not so much a manufacturing article.

Q. The question is whether, on the whole, in your judgment, machinery has tended to increase or diminish employment?—A. Machinery has certainly diminished the actual employment of humanity.

By the CHAIRMAN:

Q. Do you think that machinery is beneficial or injurious to the great mass of humanity?—A. I believe machinery is of the greatest benefit to the human race, but I do believe it, and know it, that as it is being used to-day, it is a curse to humanity, because the benefits of all machinery are monopolized by capitalists. The laboring classes receive no benefits from machinery whatever. Our mechanics to-day are poor mechanics with very few exceptions. It is not necessary, except in very few cases, for a man to learn his trade. All he has to do is to attend the machine. The machine does the work. Therefore it is easy for one man to go from one business into another, because all he needs he can learn in a quarter of a day; he don't need any knowledge of the trade. You not only through machinery have thrown men out of work, but you have made a poor manufacturing race all over.

Q. You think the owners of the machines get too much?—A. They do, as I have shown in those tables.

Q. Therefore it is the owners of the machines and not the machinery that, in your judgment, are injurious to the well-being of society?—A. Yes, sir.

Q. Could the machinery exist without capital to build and own it?—A. I believe it could. In order to answer that we would have to ascertain what capital is.

Q. What is your definition of capital? I want you to define where the cause of the trouble is. You now say it is not in the machinery?—A. No, sir.

Q. Where is it?—A. It is in the false distribution of the results of labor.

Q. That is, the owners of machinery get too much?—A. They do, and the real manufacturers of all wealth get, you might say, nothing.

Q. Is there anything to prevent other capitalists from becoming the owners of machinery if machinery is getting too large a profit?—A. There is, to the best of my knowledge, nothing to prevent it now in the constitution of any government, either State or Federal Government.

Q. Or in the constitution of society, is there?—A. Certainly there is in the constitution of society.

Q. Suppose one capitalist has a lot of machinery and it is making this enormous profit of which you speak, is there anything to prevent another capitalist buying that machinery and sharing that profit with him?—A. No, sir.

Q. How does it happen, then, that this excessive profit comes to the owners of the machinery?—A. It happens because they do not pay to their employés what they ought to pay them.

Q. Here is capital begging to-day for borrowers at less than three per cent. in this city, and you say the owners of this machinery who are capitalists are getting excessive profits?—A. They are.

Q. Then why don't the other owners of capital go in and buy machinery and share the excessive profit with them, or what is to prevent them?—A. Suppose a man received a certain amount of lumber, we will call it ten dollars' worth. Say he is a cabinet-maker. He receives this raw material to make bureaus, book-cases, or sofas, or whatever the case may be out of it; after he has worked up this raw material, the material has thereby received the value of $50, for which it is sold. He receives for putting this value there through his own manual labor, about $15. The capitalist or the employer pockets $25—for what? For the mere buying of this ten dollars' worth of raw material, and furnishing a man to work it. A man has to furnish all his tools and his energy, for most of our manufacturers are incapable of conducting any concern; they have hired hands to conduct it for them. Do you think it is just that a man in that case should receive such a profit? for I can show you in this city where cabinet-makers do not receive as much as that.

Q. The point of my question is this: If the employer is receiving this excessive profit, what is there to prevent other people with capital from going into that branch of business and getting this excessive profit also? Do they all get this excessive profit who are in the business? Have piano manufacturers been getting these excessive profits, and are they getting them now?—A. As a class they do.

Q. Then they all get rich?—A. They do. Plenty of failures have occurred, we know, but that does not alter the case.

Q. Take the cabinet-makers of New York. What percentage of the employers in making cabinet-work in New York have grown rich, in your judgment?—A. The large manufacturers that have been able to monopolize trade are doing well and becoming rich, while the smaller manufacturers who have employed from two to six hands are being crowded out, because they cannot compete with the large manufacturers. The large manufacturer is

able to furnish his shop with machinery, therefore turning out everything so much cheaper while the small manufacturer is not able to buy machinery; it is too expensive for him, and he has not got the capital to do it. In the last five years many of the smaller manufacturers in the cabinet trade and in the piano business have been crowded out of business. They are either tuning, or repairing, or patching up furniture, or working for other employers. I know of a number working in that way who were well to do formerly, but through the use of machinery they could not compete with, and they were undersold by, the large manufacturers, and the result was they had to go back to the bench.

By Mr. RICE:

Q. How long have you been acquainted with the piano business?—A. I became an apprentice to the piano business in 1859, at the corner of Mercer and Broome streets.

Q. Taking the whole of the great piano manufacturers, were not many of them originally poor men—mechanics?—A. Yes, sir.

Q. Who have become capitalists by the force of their own energy, or the circumstances by which they have been surrounded?—A. They have become capitalists, but not by the efforts of their own energy.

Q. They became capitalists from men of as humble origin and of as humble circumstances as anybody, have they not?—A. I know the Steinways worked for the firm of Bacon & Raven, in Baxter street, corner of Grand; also the Decker Brothers. There was Mr. Weber, also, my employer, he worked for Van Winkle in this city.

Q. Is it not an advantage to the laboring class that things have come to such a point, by machinery and by capital, &c., that men may start from humble origin, as these men have, and work themselves up to the position of wealth and influence that they now occupy; is that not a great advantage?—A. In the first place, I believe there is no such chance in existence now, and has not been for years, and I don't believe there will ever be again; we don't want it to be; we want a better condition of society. None of these men in the trade that I personally know, have through their own earnings or energy accumulated what they possess to-day. I claim that those that have worked for them have been deprived of their earnings, for I claim, and am ready to prove, that capital is nothing but unpaid labor. If they had only taken what they earned themselves, they would never have become capitalists.

Q. Would you put a limit to the power of accumulation?—A. I would have everything conducted co-operatively under the government.

Q. Co-operation in the government would be one of your remedies?—A. Yes, sir.

By the CHAIRMAN:

Q. Would you have a general co-operation of everything?—A. No, sir; a general co-operation under the government.

Q. That the government should take all the property and pay all the wages?—A. No, sir.

Q. How would you work out your scheme?—A. The different trades would manufacture or do their different branches of industry under the government as a co-operative society.

Q. Under the government employ?—A. Under the government employ, and superintended by government officers.

Q. Would the government collect the proceeds of the industry and sell the goods? Who would sell the goods?—A. The heads of the different co-operative societies.

Q. What would they do with the money?—A. Use it to defray the expenses of the society.

Q. Would you have one general co-operative association of every branch of busines in the United States?—A. Yes; they would be united under one head.

Q. Who would that head be?—A. The government or a government officer.

Q. What would be the duties of that head; would he receive the money from the proceeds?—A. He would receive no money whatever, any more than his salary from the government.

Q. What would his functions be?—A. To see that the thing was carried on regularly and properly.

Q. How would the government live; what would the government pay its other expenses from? The government now pays them by taxation.—A. It would then also, but would receive its taxation from the different societies instead of receiving it from individuals.

Q. The question is how these members of the co-operative association are to live. Take your piano business. It is to be one great national piano trade?—A. Yes, sir.

Q. And its products are to be sold by some one and to some one and at some price?—A. Yes, sir.

Q. And where and how are they to collect the money and how is the money to be distributed?—A. Gather it by a clerk appointed by the co-operative society.

Q. Then the piano trade is to meet together and form one common stock?—A. Not the

entire trade in the United States. It is to be one common concern, but not done in one city. For instance, it would be one concern in New York and the same in Philadelphia and in Baltimore.

Q. Are they all to sell at the same price?—A. Why should they not?

Q. I am asking you what your idea is. Are they to sell the pianos at the same price?—A. Certainly, because we are able to turn out an equal quality of work.

Q. Suppose a piano made in Philadelphia has a better tone than one made in New York?—A. We claim we are all capable of performing good work if we have the time.

Q. Is it not a matter of fact that two pianos made in Albany by the same workman, with the same care, will have a different value in quality and tone?—A. Yes, sir; they have not got a different value—one tone may be a little fuller than the other.

Q. Would not a good judge of pianos give more for one piano than for the other?—A. He might give more for it; the salesman would ask as much.

Q. There are a great many grades of pianos over the country?—A. Yes, sir.

Q. These grades have to have different values and different prices. Who is to regulate the values?—A. The different co-operative concerns among themselves.

Q. Suppose one undersells the other?—A. That could not be done. I said the different co-operative societies in the different cities would be managed by a board of officers of that trade.

Q. Philadelphia would be managed by one set of officers and New York by another. Suppose the Philadelphia board chose to sell their pianos for less than the New York society, what then?—A. That could not be done, because the co-operative concern of each city would have a central organization.

Q. Would you have one uniform price for pianos throughout the United States?—A. Why not? There would be different qualities, no doubt. You can buy an instrument for $100 in the city of New York and you can pay $1,000 for others. The different societies would be obliged to make cheaper and higher instruments, but the cheaper instruments would be of uniform price as would be the higher ones. You could not sell a first-class instrument in New York for $500 and I sell one like it in Philadelphia for $300.

Q. Suppose the establishment in Philadelphia got short of money, what would happen then?—A. That could not happen.

Q. Why not?—A. Because the society, on the principle I speak of, would regulate the hours of labor according to the wants of the people, so as to continually keep the people employed.

Q. Suppose the demand for pianos fell off at the other concern, and people had no money to buy pianos with, how would you regulate that—that would not bring money into the concern?—A. No; if such a thing should happen the hours of labor would be reduced to keep the men employed, and should the money coming in not be sufficient under an industrial government, as it ought to be, and not as it is to-day, the government would at all times, through other co-operative societies, step in to assist those, just as well as trade is carried on now by private hands, and they are all doing pretty well—why could not co-operative societies? They could do it because they could sell at reasonable rates.

Q. When a society got into distress for want of trade, you would help them out by taking the money from the other society?—A. Yes, sir.

Q. And you would make each trade guarantee the other trades all through the country?—A. Yes, sir.

Q. And you would enforce that by legislation?—A. Yes, sir.

By Mr. THOMPSON:

Q. Then, under that system, no man would get any more than his mere living; he could not accumulate anything beyond his every-day existence?—A. In the state of society I speak of there would be no desire for anybody to accumulate anything, because he would know he would be taken care of, as it were. He knows he has got constant employment. What more does he desire?

Q. You have no family to support by your labor. Another man, who cannot do as much labor in a day as you can, has a wife and ten children. You each receive the same amount of pay for your services daily, you $5 for yourself and he $5 for his wife and ten children, although he cannot do as much labor as you do?—A. We claim in this State that every one should be paid according to his——

Q. Necessities?—A. No, sir; not according to his necessities. I beg your pardon. According to his deeds—according to his services and abilities. We don't claim that a man performing $10 worth of labor through a day should receive but $5.

Q. Suppose the man who has the family that I have described receives as much for his day's work as you do. You have enough to keep you, and he has not half enough. How is that deficiency to be made up?—A. By the co-operative society.

Q. Then you would have a premium on large families?—A. I don't know that we would. Under those circumstances to-day a man is not able to raise a large family, because the children are sick before they are born.

By the CHAIRMAN:

Q. You say each man is to receive pay according to his services?—A. Yes, sir.

Q. Then some men will receive more than other men?—A. Yes, sir.

Q. What will they do with that excess?—A. Use it for whatever they will.

Q. And you said just now there would be no desire to accumulate—they would not accumulate it?—A. No, sir.

Q. What would they do with it?—A. I have no doubt if the people had more money to-day they would know what to do with it.

Q. But they would not accumulate it?—A. No, sir; there are plenty of necessaries of life we cannot buy to-day. It would take years to supply the people with the necessities of life.

Q. Is it not for the interest of society that property should be accumulated?—A. No, sir.

Q. Then you would abolish property?—A. It ought to be abolished.

Q. You would have no accumulation by any one?—A. Not privately; everything belongs to the government.

Q. Then you would have everything belong to the community, but you would pay some men more than other men because they earn more?—A. Yes, sir.

Q. If they earned more and had more, would they not have a larger interest in this accumulation than the men that didn't earn as much?—A. No, sir.

Q. What is the meaning of having more or less, except that one man has more of the property than the other man?—A. Why should he not?

Q. You say he should not?—A. We know the wants of people are not alike.

By Mr. RICE:

Q. Suppose a man gets $10,000 a year, and he earns that according to the rule which is established in your system, and suppose he does not want to spend but $4,000 of it, what will he do with the other $6,000?—A. He can turn it over to the society.

Q. Is it any object to him to earn more than the other man that does not earn but $1,000?

(The witness here sat down without answering the question, and stated that Mr. Isaac Bennett would now address the committee.)

VIEWS OF MR. ISAAC BENNETT.

ISAAC BENNETT appeared and made the following statement:

By the CHAIRMAN:

Question. You represent the same delegation as the last witness?—Answer. I do; I represent the same body.

Q. What is your business?—A. My business is cigar making.

Q. Now, sir, proceed.—A. Mr. Chairman and gentlemen: We are glad and happy to meet your honorable body, so that we may be able to explain the real road that we are traveling, and what we desire. It is true, gentlemen, that you may have been, through the public press, informed that there is such a party in existence, but allow me to assure you that the public press, although you may think they have done their duty, have wronged us greatly by showing to the people, and to you gentlemen, at large, that we are a party of destroyers. We are willing to prove that we are not a party of destroyers, but a party of progress and a party of industry. For that very purpose we are happy to have a hearing before you. As the speaker previous to me has said, we do not represent a single branch, but the laboring classes at large.

Q. You represent a delegation here?—A. I do.

Q. You belong to a committee?—A. Yes, sir.

Q. Your predecessor says he represents a body composed of 1,400 or 1,500 individuals. Is that what you say when you say you represent the laboring classes?—A. To answer your question it is also necessary to explain.

Q. Do you represent anybody by any credentials more than the 1,300 or 1,400 men?—A. No, sir; but when we say that we represent the people, we find it our duty to educate the people; to make the people think; to show the people why they are in such a condition as they are in at the present time, where the great evil lies. The man that suffers is the only one that knows where the great evil lies, and he is the only one that can understand where the remedy is. A question has been asked whether or not the middle classes are the greatest injury to the present system. I would answer no; because, if we look into the condition of affairs now, we would find out that the middle classes are composed of persons who, when the country was in prosperity, when trade was flush, did not use the amount of money they earned, but saved it, and with their savings went into what they call a little business, in manufacturing and in purchasing and selling again. But we find also that those so-called middle classes are going aside, and who is the party that drives them aside? Not the laboring classes; it is certainly the man that is in possession of a greater capital, the man that controls

the market, and that man is not only an injury to the laboring classes, but he is also an injury to trade and commerce at large.

The CHAIRMAN. The committee is not here for the purpose of hearing general declamation. We want to know the cause of the existing depression of labor. We know it exists; we want to get at the remedies. If you will state distinctly what you think the causes of the present depression, and then suggest the remedies you have to offer, the committee will be obliged to you.

Mr. BENNETT. We find that as machinery is in existence, and is improved every day, throws manual labor on our highways and byways. We find that we have to-day millions of men unemployed.

Q. How many millions?—A. Well, we are satisfied there are one or two millions, or more than that, that are constantly idle, working for a month, and some working for two months at a time, and some working for a week, and so on. Then a man is thrown out, and another man that offers his services for less is put in his place.

Q. I understand you to say that the cause of the present distress is that there are millions of men unemployed?—A. Yes, sir.

Q. Tell me what causes them to be unemployed?—A. The first cause that causes them to be unemployed is machinery.

Q. How does machinery prevent their employment?—A. By being greater producers.

Q. Didn't the machinery exist between 1862 and 1873 all over the world, and all over this country, and was there not then plenty of employment?—A. Yes, sir; there was.

Q. What causes machinery so suddenly to cause the non-employment of these millions of men?—A. That which we call at the present time overproduction. The machines have produced more than has been consumed all along, and then we find that the market is overstocked. We find, at the same time, that in those years every one was able, as I said before, to earn a living; to receive a job and make good wages; but as times became worse——

Q. What made them worse?—A. The system of production—of overproduction. As those articles which were produced could not be consumed at the very same time, there must certainly have been a surplus of labor in the market.

Q. Do I understand you to say that the world has got more of everything in it than the world wants?—A. Most positively it has.

Q. Are there more shoes than people who want shoes?—A. No, sir; there is not, but the people cannot buy them.

Q. Is there more wheat, and pork, and clothes, and the necessaries of life, than the people want?—A. There may be a little, but not much.

Q. Has there been at any time?—A. Yes, sir.

Q. When was there this surplus more than the people wanted?—A. It is proven every day.

Q. A gentleman said yesterday he wanted a pair of shoes, and he said he could not get them?—A. Yes, sir. There are not more shoes; there are not more clothes; there is nothing of anything more than we need, but we have not the means to buy them with.

Q. But you had the means from 1868 to 1873, and you have not had them since 1873; what is the cause of that change?—A. That is what I am coming to, if you will only give me a chance. We are willing to prove that the laboring classes, by being thrown out, can certainly not be consumers at the same time to any great extent. They were not producers, so they could not be consumers, but still they did consume. They deprived themselves of what really they ought not to. As those parties were not consumers to that extent that they ought to be, there was certainly a great surplus of labor in the market, because it was not bought, and then the surplus of labor was always heaped up to a great extent. The manufacturers were then compelled to reduce their army of laboring classes. Again, we will say that the first year there was only an army of, maybe, ten thousand thrown out of employment, because there was more stock in the market than was needed. The second year those ten thousand grew up to fifteen thousand, maybe, and so it increased. The manufacturers, having too much stock on hand, wanted to decrease the army they employed. When they found that would not do, when they found their stock still increased, then the competition commenced. The manufacturer was compelled, as he said, to reduce the wages of his laboring classes. When a man received $12 a week he consumed $12 a week, but when his wages were reduced to $10 a week, he had to consume only $10 worth.

Q. Didn't the prices fall?—A. They did.

Q. Would not $10 buy as much as $12?—A. If he was to make it a regular scale of wages the whole year through he could get along, but you must take into consideration these $10 were not the regular wages the whole year through; they were only for the time being that they were employed. There may have been men that received $10 for their wages when they were employed, but when we take into consideration that

those very men only received $10 for their wages, and that they were only working five, six, or seven months in the year, then their wages did not amount to more than, maybe, $5 or $6 a week. We could not say they earned $10; we could only say they earned $10 when employed.

Q. Is machinery the cause?—A. Machinery is the cause, and it is at the present time.

Q. What would you do with machinery in order to remedy this thing; would you destroy the machinery?—A. Machinery is a blessing to humanity. Machinery is needed. We cannot produce as much as the human race really is in need of without machinery. But we claim that machinery under the present system is wrong, because machinery lies in the hands of the non-producers, and the real producers, by the aid of machinery, are deprived of their rights.

Q. What do you mean by a producer and a non-producer?—A. A producer is a man that labors.

Q. What do you mean by a non-producer?—A. A non-producer is a man that lives upon the labor of others.

Q. Here is this committee. We are getting a salary from the people for attending to certain services. Do you consider us laborers or not laborers, producers or non-producers?—A. We consider you a class of laborers which is necessary for the human race, but no producers.

Q. We are not producers?—A. No, sir.

Q. Suppose you abolish the government and get rid of us, what would be the result then?—A. That is a thing we do not wish to do. The people must be ruled, and there must be a government to rule the people.

Q. Do we not contribute as much to the earnings of society by laboring in this particular sphere as other people by working with their hands?—A. We admit you do.

Q. Are we not producers in the sense of enabling greater production to take place in other quarters?—A. No, sir.

Q. The man that walks around the shop and tells the laborer what to do and never touches anything, is he a producer?—A. He is the servant of the man that engages him to do that service.

Q. Is he a producer?—A. Such men must be in society.

Q. Is he a producer or a non-producer, acccording to your definition?—A. He holds a functionary position in society.

Q. Is he a producer?—A. He is not a producer.

Q. Then your definition of a producer is the man that actually labors, and no one else?—A. Exactly.

Q. Have the people who do not labor any value in society?—A. They have, most undoubtedly.

Q. Ought they to be paid?—A. Yes, sir.

Q. Ought they to be paid at any different rate from others?—A. According to their abilities.

Q. When a man is a good workman, and he has a good organizing mind, they make a foreman out of him, do they not?—A. Yes, sir.

Q. And if he is a good foreman, he generally gets to be an employer by and by?—A. Yes, sir.

Q. When he gets to be an employer, he gets to be a capitalist?—A. Yes, sir.

Q. Then when he reaches that class, you object to him having any pay for it?—A. What we claim is that there is a class which calls themselves employers deriving a greater benefit out of labor than the man that really labors for it.

Q. But you said just now that the foreman should get more than the workman?—A. Yes, sir.

Q. Then the employer is a bigger man than the foreman? He gets to that position because he can do a higher class of work.—A. We claim there is no necessity for such positions in society.

Q. Who would employ the people, then?—A. The people claim that their employment could be by a co-operative system. This is our aim.

Q. Do you mean to say you would become partners in a general common interest?—A. Yes, sir.

Q. Would you have this partnership controlled by the government?—A. Yes, sir; to some extent.

Q. To what extent?—A. That they may oversee the business of the co-operative system as well as they oversee now the regulation of revenue.

Q. Would you have them fix the rate of wages?—A. No, sir.

Q. Would you have any wages in the co-operative system?—A. We would fix that ourselves.

Q. Would the government fix the prices of produce?—A. No, sir.

Q. It would have nothing to do with it?—A. No, sir.

Q. How would you prevent one co-operative society from selling at less rates than another co-operative society?—A. We find that we are already in that system of under-

selling. We undersell our neighbor, for we are compelled to, but when the laboring classes are enlightened by the benefit that the co-operative system will have, there will be a regulation among themselves for the benefit of themselves that they will not undersell each other.

Q. Is there anything to prevent the formation of a co-operative society in cigar-making in New York?—A. The present system prevents them from doing so.

Q. Why could you not make a co-operative society?—A. Because we have not the means.

Q. Then you want capital?—A. Most undoubtedly.

By Mr. RICE:

Q. Supposing you were going to have a co-operative association; and supposing some of your cigar manufacturers wouldn't want to go into it. How would you get them in?—A. That is a question of time.

Q. You say you want to have the cigar business done by a co-operative association in New York. Suppose any proportion of the cigar-makers of New York didn't want to go into that co-operative association when it is formed, how would you get them in?—A. They would be willing to go into it; but under the present condition they are not.

Q. Would they all be willing to go into it?—A. They would.

Q. Why don't you form it?—A. Because we have not the means to do so; we have got to have something to fall back on. We want the means of establishing a business and purchasing raw material, and of living and putting the goods on the market.

Q. Have you not got means enough to make cigars now?—A. No, sir.

Q. Have not the cigar-makers of New York means enough to make their cigars?—A. Some small parties have.

Q. If they go into a pool, then there will be means enough?—A. There will not.

Q. How are you going to get men in afterwards if they won't go in now?—A. By first showing the people at large how to labor, and what to labor for.

Q. Can you not do that now?—A. We are trying to do it. We claim that under the present system the co-operative system is impossible.

Q. What will make it possible in your opinion?—A. The abolition of private capital and machinery would make it, for the first thing, possible for all trades to go into the co-operative system.

Q. The abolition of private capital and machinery?—A. Yes, sir.

Q. Who is going to abolish it?—A. It is for the government to do it for the welfare of the people.

Q. Is it your idea of a republican or democratic government that it could or would have a right to abolish private capital and machinery? Would that not make the worst despotism that ever existed—worse than your German empire or any other that exists—to give a government that power?—A. It is at the disposition of the States whether they are willing to do so or not. We don't claim that the government has a right to do it; but we claim when the people demand it, who are the government, and if it is the people's desire, such laws should be passed. We know that we demand at the present time too much. We come before your honorable body to show some way by which this great evil can be remedied, and the first thing we claim is, that as there is a great army of unemployed men in the market who find it impossible to find employment, there must be something done to find employment for them.

By the CHAIRMAN:

Q. What do you recommend?—A. We recommend the reduction of the hours of labor from ten to eight hours a day, for the first thing. We find it necessary to reduce the hours of labor.

Q. What else do you recommend?—A. We recommend compulsory school education, up to fourteen years.

Q. What else?—A. We recommend the regulation of woman's labor.

Q. To prevent them from laboring?—A. To regulate it and not prevent it. We regard it as the duty of the husband to be able to make a living for his wife and family.

Q. Suppose a woman has not a husband?—A. Then she is able to work.

Q. Then widows are to be permitted to work, but not the wives?—A. If they have no supporter, then they have a right to labor.

Q. But not the wives of the working men?—A. No; not the wives, just as we recommend that all children under fourteen years of age shall not labor. We also recommend that a husband who has a wife shall be able to make a living for his family.

Q. If he is sick?—A. The people at large are good-natured enough to see that the family don't want. We also recommend that women who labor as well as men, doing the same kind of work, they shall receive equal wages with men.

Q. Whether they do the same quantity of work or not?—A. The employer will be the man to say what wages they should receive, what wages they will be able to make. What we mean is, when they work by piece-work they will make their wages the same as they do at the present time.

Q. Suppose the women work in some branch of business that men do not work in, how would you regulate that, where the women had the trade to themselves?—A. I suppose you have reference to millinery and lady clerks, &c.

Q. Yes.—A. I suppose that the trade will regulate itself; if we will be able to earn decent wages, they will receive decent wages.

Q. Take shirt-makers, who I am told are making shirts for a very few cents apiece. That regulates itself. Do you think that is a proper state of things?—A. There is too much competition in that line of business.

Q. How are you going to get rid of the competition?—A. By reducing the hours of labor.

Q. Then you are going to forbid women working more than a certain number of hours a day?—A. Women and men.

Q. These women live in their own houses; how are you going to get in there to prevent them from making shirts ten hours a day? Suppose the wages for a woman for working six hours is 75 cents, and that that woman has two children, and finds that that is enough to support herself and two children; another woman has six or eight children, and she wants to feed her children. Is she to be prevented from working ten hours a day, and doing enough work to feed her children?—A. I think everybody is at liberty to labor according to the present system.

Q. You say to us, "Go back to Congress and tell your fellow-Representatives to pass a law restricting the hours of labor." That must be a general law. How are you going to deal with this case? Are the extra children of that woman to be allowed to starve?—A. I think that if a woman has got a large family——

Q. She ought to be allowed to work extra?—A. Far from this; but I think she will be able to earn more in eight hours than she earns now if she works fifteen hours.

By Mr. THOMPSON:

Q. If you reduce the hours of labor from ten to eight will the manufacturer pay you the same wages that you get now?—A. It has always been shown that the longer we work the less we get for our labor.

Q. Would you reduce the wages proportionate to the time you work, or would you keep the wages as they are?—A. This will certainly throw a demand for the laboring classes into the market again.

Q. If you reduce the time of labor 25 per cent. won't you have to pay an increase of 25 per cent. for the other labor you wish to buy, the shoes and coats and anything else?—A. That may be the case in some instances.

Q. Then what advantage is it to me or to you if we work less hours a day, but pay more for what we get, and get no more money to pay it with?—A. I think the market would then regulate itself more than it does now. We don't receive a quarter of what we earn, but under the present system of buying the workman is charged just as much or equally as much as when he made good wages.

Q. Why not reduce the hours of labor to six instead of eight?—A. We find it is not necessary at the present time.

Q. Not necessary, how?—A. We find if we were to reduce them from ten to eight there would be sufficient work left to employ those unemployed.

By Mr. BOYD:

Q. What, in your opinion, would be the actual effect on wages if you reduced the number of working hours from ten to eight?—A. That there would not be a great army of unemployed men in the market; that we would not have to compete with children's labor, and that the employer would be willing to pay his employé decent and respectable wages by which he can make a living.

Q. You think the reduction to eight hours a day would increase wages?—A. Yes, sir.

Q. Would it not still increase wages if you reduced it to six hours?—A. That is a question we cannot answer. We demand a bureau of labor statistics. When we have that before our eyes, then we can see how many hours of labor are necessary. We can then see what the raw material is worth, how much it takes to manufacture the raw material into a productive state, and how much the producer receives, and how much the nonproducer will receive.

Q. How much would it increase labor if the eight-hour law was possible to be enforced?—A. I cannot answer that. When the hours of labor will be reduced, that will regulate itself.

Q. You have no means of information by which you can estimate what percentage labor would be increased if the eight-hour system should be adopted?—A. We cannot do that.

VIEWS OF MR. ADOLPH DONAI.

Mr. ADOLPH DONAI appeared in behalf of the same delegation represented by the two preceding gentlemen, and made the following statement:

By the CHAIRMAN:

Question. You are not an American?—Answer. I was born in Germany.

Q. Are you an American citizen?—A. I am.

The CHAIRMAN. This committee is appointed to consider the causes of the present depression in business, and to ascertain, if possible, what remedies can be offered as a solution for the existing troubles, and if you will be good enough to confine yourself as far as practicable to these matters, we will be obliged to you.

Mr. DONAI. I will do that, and will state the causes of the present depression as we consider them, and then the remedies. I beg leave to state that I have a pamphlet here entitled "Better Times," one copy of which I can leave in your hands. It is written by me, and was printed by order of the Socialistic Labor party of the United States. This states, in the shortest possible compass, the ideas of that organization, which are, at the same time, the ideas of that organization all over the world. You are aware that we have a powerful organization under this rame in Germany. We have such a one in France, in Austria, and the beginning of it in England, and so in the United States; in fact, nearly all over the world. This pamphlet, then represents these ideas, and to it I refer for such points as should accidentally be left out to-day. The causes of the present stagnation in business have been foretold these thirty years by that same party, by the scientific men who founded that party, and they have come now to a great crisis which goes all over the world. The stagnation does not prevail in the United States alone, but in all those countries in which what we call capitalistic production is introduced, and everywhere from the same causes, and no remedy that refers only to the legislation of the United States could remedy those causes, because it must be remedied at the same time all over the world, and our party is formed for the purpose of propagating our ideas all over the world, so as to have the same kind of legislation introduced everywhere at the same time, if possible. The first cause of the present stagnation of business is planless production, or production without plan, without regard to the need of the population as to consumption. It is carried on by private capitalists without considering the needs of the world. It presupposes the personal freedom of the laborer, without which labor you could not carry on the production, but at the same time proposes the laborer should be free from his own means of labor—that he should be a man dependent for existence on wages and on selling his laboring efforts every day and every week afresh to some capitalist, who owns those means of labor. We can trace its birth back to about one hundred years ago. But it has been developed in England first, then in Belgium, then in France, and now it has been developed in all the great civilized countries, and it assumes the shape of over-production, because it is a production without plan. It now brings about over-production, and at the same time the impoverishment, first of the laboring classes, and, as a consequence, the impoverishment of the middle classes, and, as a further consequence, the impoverishment of the small capitalistic class, until at last nothing is left but a very small class of very large capitalists, or share societies. This is the statistically proven scientific view of the facts as they are.

The CHAIRMAN. Please explain to the committee what plan governed the production prior to this plan you refer to in Great Britain one hundred years ago—this planless production that governed Great Britain.

Mr. DONAI. There were some remnants of the feudal production that preceded it. You had at that time in England trades unions of the old style, in which there was a master and his fellows and apprentices, and who had its ban-rights in every city, so that no laborer could ever be without the means of existence. Likewise the laborers had some share in the soil. They had the common lands in every place, on which they could produce something, to which they could fall back if they were not successful in any kind of business. There were in England 285,000 yeomen up to shortly after Cromwell; then that yeomanry was destroyed, because they had furnished the cavalry and the infantry to the army of Cromwell; they were destroyed by the incoming of Charles the Second, and still further by James the Second. Then, when the King of Hanover came in, the government was at that time already in the hands of the rich capitalistic class, consisting of land-holders and the rich commercial men of the cities.

Q. Take the iron business, which I am in myself. Was there any interference whatever in Great Britain, at any time within the last three hundred years, with the production of iron on the part of any one? Was not any one free to go into that business?—A. It was impossible that every one should be able to.

Q. Was there any restriction upon them going into the business?—A. There was a moral restriction. You must first be an iron-master.

Q. Was there any law which compelled a man to be an iron-master in Great Britain?—A. There was a law.

Q. Will you point it out now?—A. I could not point it out now from the law-books, but if you wish to have the proof, I will bring it. This was an old-time institution that had lasted through the Middle Ages. They had ban-rights, and for that reason the iron manufacturer, who wished to carry out the iron business, had to go somewhere outside of where those rights existed.

Q. Take the manufacturer of woolen goods; was there anything to prevent a man

putting up a woolen factory in Great Britain, within the last two hundred years, in case he chose to? Was there anything within two hundred and fifty years, or even longer, in British legislation, to prevent any one who chose to build a woolen factory from building it?—A. There was nothing, except for cloth-making. The mere production of wool from the sheep was not prohibited by law, but the making of anything from that wool was prohibited by the law of the citizens.

Q. That is, the manufacturing of clothing, but I said of the production of cloth, iron, flax, and linen, whether there was anything in the English laws which prevented any man who had the capital from engaging in that business?—A. There was not, but there was no iron manufactory on any large scale.

Q. As large a scale as the world demanded?—A. I wish to ask you if we are here for historical discussion, or for the business you proposed to me?

Q. You have given us the history of production in England and in Europe, and I ask you a question in regard to it.—A. You asked me the question what was anterior to the time of capitalistic production, and I was proposing to speak only upon present circumstances as they are now.

Q. I should be glad if you would confine yourself to that.—A. I will gladly give you any answer to your question if it is to the purpose, but we are getting out of our way, I think. Now, this system of capitalistic production forced in England the laborers in the country into the city. The lands were confiscated; they were fenced in by law in 1689. These men, having lost their last means of subsistence, were forced to go into the cities. If they were found without the means of subsistence anywhere they were punished, first by being nailed with their ears to some post at a door of justice.

Q. This is history you are giving us; will you be good enough to give us the causes?—A. This capitalistic production employs laborers who have not means of labor of their own. They must be furnished by some capitalist who has them. The laborer is forced to sell his laboring powers, first to his employer at the rate of the market, and by so trading he must leave a surplus value in the hands of the employer. This system is proposed by us to be reformed, not now, but in the course of time. It is founded on the capitalistic value of the land. You see it go down now in value. How long do you think it will take to bring the value of the lands to such a low state that it will be more a burden than a profit to the owner?

Q. Would it be an advantage to the laboring class to have it cheap?—A. Under the present system it is no benefit to the laborer to be a colonist, except merely enabling him to make his labor useful.

Q. Has capitalistic production in England reduced the value of land?—A. No; the value of land under this system must rise as the land is made transferable.

Q. How does it happen that it has risen in England under capitalistic production, and fallen in the United States under capitalistic production?—A. I am going to explain that. As soon as land is made valuable, when it can be sold or mortgaged, it begins to have a capitalistic value, and it never had it before. From that time on money becomes of great value, because for transactions in land, for sales and mortgages, there is a great sum of money in each case needed, while before that time money was not loaned out at interest, for those who loaned it out at interest were considered usurers, and they were prevented from doing so. Money became of a greater value than it had been, and now first we can speak of the capitalistic production.

Q. You have not answered my question. You said the result of capitalistic production was to reduce the value of land.—A. I am going to show now that, since capitalistic production has increased in ratio money contracts, there is no market for the productions that are brought to market, the value of capital goes down, likewise the value of land and all stocks.

Q. Is it true that there is depression in Great Britain now?—A. Yes, sir.

Q. Has land fallen in Great Britain?—A. Yes, sir; but land in Great Britain can hardly ever be sold. It is so encumbered by statute law that the great land-holders cannot sell.

Q. Have you ever looked in the London Times to find three and four columns of land offered for sale every day?—A. Yes, sir; those small portions of land that were bought by some proprietor.

Q. No; large quantities of land.—A. There is a society in England which enables men of small means to hold land so as to make them voters.

Q. No; but sales of land just as it is sold here, by auction, going on in Great Britain daily in large quantities.—A. Not in such large quantities as it is here.

Q. No; because the country is not so large, but in proportion.—A. This is not to the point. The value of land is going down.

Q. In Great Britain?—A. Yes, sir.

Q. You testify to that?—A. Yes, sir. It is going down everywhere. You will find, by comparison with the prices of 1873, that there is such a decrease everywhere, all over the world. Now, going on in the present way, capital will destroy itself. We, as a body, don't propose to destroy it now.

Q. When capital gets to be worthless and destroys itself, then every one can have it?—A. The government will be forced to take it.

Q. What motive has any one to take care of it?—A. Because by that time we will have become wise enough to see that it is to our advantage to never have any individual owners of land.

Q. Is it an advantage to the poor man to have such a course of legislation as makes capital fall in value, so that the poor man can get it; is that of any value to the poor man?—A. Legislation needn't do it.

Q. I ask you this question. You say the present state of things is making capital worthless. When it gets to be worthless, or nearly so, there is no motive to take care of it. Will it be an advantage to the workingman to have capital in such a condition that he can have all he wants of it for nothing?—A. By that time land and capital will be so far worthless that people will have the insight to see that it was by private ownership of capital and land that great distress has come on us, and they will then own it and force the government by legislation to own it in common.

Q. Don't you think that if this committee could produce a scheme by which every man could have all the capital he wants it would be hailed with great delight by the peeople of this country?—A. Not by the present class of lawgivers.

Q. But by the people?—A. My dear sir, circumstances will so work a change that in a few years they will be lawgivers—the people themselves—and then they will know of a plan how to do it.

Q. But you have come here to tell us what that plan is. Please do so.—A. So I have come now to the second point.

Q. You tell us that the present system of capitalistic production is making capital of no value, so that every one will be able, sooner or later, to get all he wants for nothing?—A. No, sir; the law of communities will not allow that.

Q. Some one will think it valuable still and keep it?—A. How could any single person take it by the present law?

Q. Why, won't he abandon it if it has no value?—A. The property-holders themselves will be able to offer it to the government or people at large for sale at such moderate rates as they can get for it.

Q. You recommend the government to buy the property?—A. It will take all the property.

Q. Where will it get the money to buy it?—A. It will give an annuity to those property-holders as long as they live.

Q. You intend that the laboring classes shall earn the money to pay an annuity to property-holders who have property now?—A. As the people will be the owners of all the capital then, who should prevent them to do with greater ease what they cannot do now, namely, to reward those property-owners who give up their property with an annuity? We now feed them with two-thirds of that which is earned, and then we need not do that. Consequently, we will be able to reward those who voluntarily give up their property.

Q. But if it is worthless, all property will be equally worthless.—A. Then it will acquire no value from the fact of its being a means of support and of progress for all communities; the laboring class will then be able to keep more than we now keep.

Q. You have given us one cause—planless production. Now, proceed with the other.—A. This planless production, of course, has a consequence—an under-consumption. If the laborer sells his working force to the capitalist for only part of what it is worth, he must, of course, become poorer. He may get along for some time, wages may be high enough as long as there is a constant market for the produce of his employers; but when the time has arrived that six or seven or more great capitalistic countries are competing in the world's market, that there is no more market for all that is produced, and long before that time has arrived, the wages of the laborer will have gone down greatly, and after having eaten up during such term of financial panics the savings—after having lost his property in land which many of them had acquired, or in savings banks that have failed, or in a hundred ways that small capitalists are destroyed—after having came down so low that they cannot have any more buying power, their purchasing power is so small that the production must in consequence be diminished, so that those alternate to be the cause and the effect. Less production, less consumption; less consumption, less production; and during all that time the under class sinking down into poverty. I think you cannot deny the facts as they are.

Q. Did that state of things exist in 1857 and 1858?—A. From 1873 until now, and every year worse than before.

Q. Did it exist in 1857 and 1858? Was there great depression in business, great non-production, great non-consumption?—A. It had not then begun. The United States had not yet entered upon their stage of capitalistic production on a large scale. You found in New England small factories employing fifty hands say. That was the most of it; I saw it with my own eyes. So that you can now see with your own eyes that millions of men, or say at least many hundred thousands of men who were small

capitalists are now no longer so. I am from Newark. There were building societies there that laid out cities, that paid for the lots, paid for the land first; they were just beginning to build when the concern became bankrupt, because most of those laborers can now no more save up enough to build. Most of those building associations that we had in the neighborhood of Newark, (whole cities consisting of such building associations), are now impoverished to such a degree as never to hope any more to be capitalists. Now as to the means to facilitate the transition without greatly changing the laws as they are. The first of these means is the general introduction of an eight-hour law.

Q. That is the first remedy?—A. We don't mean to say that it is the law alone which makes the change.

Q. I understand you to think that the other suggestions made about co-operation would be impracticable until a general arrangement of society throughout the world had taken place?—A. Co-operation on a large scale is impossible.

Q. Now be good enough to go on—first the eight-hour law.—A. This eight-hour law would be a dead letter, even if it could be then pursued everywhere in all the States—I mean Congressional legislation; but we propose by our own efforts to bring about an eight-hour labor law all over the country. Our organizations of trades unions, as well as of the social labor party, carried this through more and more by engaging among themselves not to labor any longer than eight hours.

Q. Is there any law on the statute-book which prevents workingmen from making that agreement with each other?—A. There is no law anywhere, but I do not dispute that there might be such a law and a good righteous law. The most valuable property the country can have is the laboring force of the community. To save that from destruction is just as holy a purpose, and as necessary, perhaps, as to carry on a defense of the country by arms. You have no holier ground to stand upon than to save labor from destruction. To let one single person go down by famine, or to starve, is the greatest crime a nation can commit, and I don't consider that any constitution should stand in the way of a law that would prevent people working themselves to death for starvation wages.

Q. You think the Constitution should be amended?—A. Yes, sir; and if you want to amend the Constitution, we guarantee to furnish you the votes to do so; all we want from the hands of Congress is a favorable consideration of that which we demand.

By Mr. THOMPSON:

Q. You would limit the hours of labor, because the welfare of the laborers, of our citizens, demands it. Now, are there not some persons who are unfitted for certain classes of labor? Would you remedy that and prevent them engaging in a business that was detrimental to their health?—A. I should consider it the duty of the lawgivers to prevent any unhealthy business from being carried on.

Q. One man can perform a labor that would be injurious to another?—A. You cannot by law prevent one single person, but you could prevent employers that employ men at unhealthy labor from doing so.

Q. Are there not men that can perform one kind of labor that another man is unfitted, physically, to perform? Many a man can make a watch that could not act as a sailor, or act in a rolling-mill, or in a puddle-furnace. Would you have a law to prevent a man that was so physically constituted that to perform a certain labor would be injurious to him from doing it; and if you would, how would you ascertain the mode of doing it?—A. How does that apply to the question here?

Q. You said a moment ago it is a holy duty for the government to protect any laborer, as holy as it is to save the life of the nation by arms, and therefore you say the government should prevent a man laboring more than eight hours, because more labor than that is detrimental to him as a man.—A. I would answer here that the government should not prevent him from laboring, but from being employed longer than eight hours—from the necessity to sell himself for longer than eight hours. If the government and the workingmen all over the country work hand in hand they may have in one or two years a law making it lawful all over the country to employ no person at any wages to labor for longer than eight hours a day. The people will help you at that. The government will then have the right to do it. Well, then, have I not answered your question in this respect?

Q. No; you have not answered it at all. In order to protect a man's life, you limit his hours of labor to eight hours a day. Now, you find a man, for instance, working in a furnace who is not able to work in a furnace, but could do some other work; do you propose to prevent him from trying to do what he is not able to perform?—A. That is not the same principle at all. What we want to do is to prevent all the laboring people from being allowed to sell their labor to any unhealthy occupation for any greater length of time, or to any occupation for too great a length of time. What you want me to answer is whether I consider it a duty of the government to force individuals to abstain from unhealthy labor. I do not consider that a duty of the government, but I consider it a duty of the people themselves to see to it by education of the masses,

which is almost at the bottom of all our reform, that such insight should be instilled into the mind of every fellow-workman as to induce him to abstain from labor for which he is not fitted. I think I have answered your question.

Q. Would it not be better to carry on the education of the working classes to restrict the hours of labor than to pass any enforced legislation for that purpose?—A. If we should wait too long to see the fruit of this kind of legislation such as we need, we would have to wait very long, and meanwhile the capitalistic production will have so far broken down that the duty of legislating for a better state of affairs is at hand. We cannot wait for that, for times are urgent.

By the CHAIRMAN:

Q. I understand you to say that the smaller manufacturers are being closed up, and that the large ones are swallowing up the little ones?—A. They are decreasing in number, but increasing in size.

Q. How is capitalistic production breaking down when it is increasing in size?—A. That is quite easy to see, because when the production is so very large the market is so filled with merchandise that the manufacturers must stop producing; they must stop for quarter or half the year. The laborers are starving meanwhile. The communities are taxed to support them, and so the capitalists are forced to pay more taxes. They are threatened by force, and you cannot prevent it, for the people are starving, and you have to pay the military and police to keep down the starving people. And all those expenses will render large capital a burden to the owner more than a profit.

Q. Still, notwithstanding that state of things, you say it is growing all the time?—A. Yes, sir.

Q. You mean to say that this extra tax has not yet affected them—that it has not yet reached them?—A. It has long ago begun to do it.

Q. Take Krupp's works. They have been growing for the last ten years constantly. Why does not Mr. Krupp feel this taxation?—A. You, perhaps, don't know that he has a monopoly. He is, by the way, half bankrupt, and has put the greatest portion of his fortune, in his wife's name, in the English Bank, and he would have closed his business long ago but for having a monopoly, namely, that of casting steel guns, the making of which cannot be carried on by anybody than by him with such effect.

Q. Do not Sir William Armstrong and Mr. Whitworth, in England, make cast-steel guns?—A. They have begun to do so, but don't sell as many as he does.

Q. Don't they make them?—A. Yes, sir.

Q. Have they not been making them ever since 1860?—A. I believe they are making them of Bessemer steel.

Q. Are you sure Mr. Krupp does not make them of Bessemer steel?—A. He may do that now; for all I know that is possible; but his cast-steel guns have formed his renown, and have made him so prosperous.

Q. I understand you to say he is bankrupt?—A. He must be bankrupt as long as he has put away most of his property in his wife's name.

Q. When a man gives property to his wife is it an evidence that he is bankrupt?—A. He intends to be bankrupt. But what is that to the purpose?

Q. You said that capitalistic production was destroying itself, and was growing at such a rate that the great manufacturers were all ruined?—A. I didn't say so.

Q. Are going to be ruined?—A. The greatest manufacturers are these which live along when all the others are ruined. They can stand it for a while longer, but then they will feel it when no one can buy their merchandise.

Q. If I were the sole manufacturer of iron in the world, don't you think I could stand it?—A. If you had no buyers you could not stand it.

Q. People will want iron for plowshares and reapers, &c., will they not?—A. If you have no money to buy with?

Q. The man who raises grain will sell grain and get money to buy my iron, and if I had a monopoly, it would not hurt me, would it?—A. The sales would be diminished from year to year.

Q. But if I sold what there was to sell, it would not hurt me?—A. If you were the largest manufacturer you might not feel it at once, but by that time I tell you the community would not brook it any longer, and therefore it is wiser to prevent than to increase danger.

Q. Monopoly is what you are opposed to?—A. Well, capitalistic production is not imaginable without monopoly. Monopoly is shared in, say, by a decreasing number of capitalists.

Q. Can you point out anything in the laws of the United States which creates a monopoly of capital or business?—A. All your laws under which the Pacific railroads have been built were all to create monopolies; and most of your land-grant laws, laws by which land was donated away—for instance, under the swamp-land acts; these laws were all for monopolists. Laws by which subsidies are paid or were to be paid, would be laws of monopolies.

Q. Can you point out any existing statute which creates a monopoly, or which gives

special privilege to any branch of capital?—A. Joint resolutions of Congress are, perhaps, not called statutes.

Q. Joint resolutions are laws.—A. I can point out a great many; I have named some of them.

Q. Those were in the past. Can you give us any reference to any statute of the United States which to-day gives special privileges to capital or creates monopolies except the patent law? Is there anything else that you would have repealed which creates a monopoly, or gives a monopoly to any one?—A. You can at once repeal all the laws which you have made in order to establish the Pacific Railroad.

Q. But the railroad is now there, and that land, under the condition of the law, is vested in the railroad companies. I ask you if there is any law which creates any new monopolies?—A. If you take back these laws at once you have a right to do so, because the conditions were not fulfilled under which those railroads were to be built. They have broken every one of the conditions under which those companies were established.

Q. That is a question for the courts.—A. No; European governments would not hesitate a moment to take them back.

Q. Are you aware that, so far as the question has been litigated and decided, it has been litigated and decided in the courts in favor of the companies?—A. I may be; but I am not responsible for that.

Q. When a law is made some one acquires rights under it. His rights are, then, under our Constitution, to be determined by the courts. If these conditions have been violated, then the courts will set the grants aside.—A. There is a law in every government that evils that are no longer to be borne are to be abolished by legislation, all previous legislation to the contrary notwithstanding.

Q. Then you would simply recommend this committee to report the repeal of every law by which any grant has ever been made by the United States to any one?—A. Provided it is a monopoly; provided it is taking unjust advantage of the people.

Q. Who is to judge of that?—A. Congress, if Congress does its duty.

Q. But since Congress did just what you say, and these companies went into the courts and said this legislation of Congress is illegal and unjust, and the courts decided in favor of the companies (just what we have done in regard to taxation), what would you do then?—A. The courts never would so decide.

Q. But they have so decided, in regard to the retention of the 5 per cent. by the government now in the Treasury, that the railroad companies are entitled to that money, and an appeal has been taken to the Supreme Court.—A. That depends upon how the great body of the Supreme Court was constituted, and you recollect there were some irregularities connected with that.

Q. If the courts decided in favor of those companies would you have Congress set out to abolish the courts?—A. To change the laws and change the courts of justice that they may not annul the law which is given by the supreme will of the people. I don't acknowledge any power superior to the legislature.

Q. But the legislative power is restricted by the Constitution of the United States.—A. Then change the Constitution of the United States, and we, the working-people, will help you to do it by our votes.

Q. Then your recommendation is that the Constitution of the United States be amended so that legislative power shall be supreme in this country and subject to no limitation whatever?—A. When we come to that I would suggest a great many limitations, natural and necessary limitations.

Q. Where is the line to be drawn and who is to draw the line? Where will we draw the new line?—A. The first step in all such things is to acknowledge a necessity for the revision of the Constitution of the United States or of any State. The question arises, what may be improved in the present Constitution? and all people will have their say; they will, in a democratic way, say there are blunders here and defects there; let us remedy that. They will consider that for a year or two, and then, by proper means, they will rectify it.

Q. You say we should limit labor to eight hours?—A. Yes, sir.

Q. Would you have that put into the Constitution of the United States?—A. I would, for all things speak in Congress in favor of such legislation. I would uphold that law which was given in 1868, the eight-hour law for government labor. I would uphold the law, so that the workmen were paid full wages for eight hours.

Q. Would you put a provision in the Constitution of the United States limiting labor to eight hours?—A. I would put such a point in the Constitution of the United States. I would propose to amend the Constitution of the United States in this one respect—bring it before the people, this point, besides many others. I would go the constitutional way of amending the Constitution.

Q. But you would propose to limit labor to eight hours?—A. Yes, sir.

Q. And no one is to be permitted to labor more than eight hours?—A. To forbid employers to employ laborers for more than eight hours.

Q. Would you allow any one to labor more than eight hours?—A. They would not do it then.

Q. Would you permit it?—A. I would not restrict the labors of any individual man, but they would not do it.

Q. I ask you whether you would put into the Constitution a clause prohibiting people from working more than eight hours a day?—A. I would not. The people, themselves, however, will in their supreme power decide if they will allow it.

Q. You would not recommend it?—A. I would not recommend it. I prefer, in regard to all such things, not to urge my own opinion alone. I want in a democratic government the people to come up to this effect by talk and by discussion.

Q. We are here to get at practical results with reference to legislation. You have come to give us the benefit of your experience and study, which is evidently very great. We ask you whether you think the law ought to limit the right of a man to work more than eight hours a day?—A. I think not.

Q. If that is so, what is to prevent men from working more than eight hours a day?—A. If the employer is prevented, what good is it for the laborer to offer more than eight hours labor? The employer is to be prevented by law.

Q. Suppose a man was working for himself: take the case of a cigar-maker. Here is a man employing men, and he is restricted from employing them for any more than eight hours a day. Here is a co-operative association alongside, who say, "We will go in business and work twelve hours a day;" could they not undersell the man that was prohibited from working more than eight hours a day?—A. They would not do it. They would be allowed to do it as long as they have not an interest; it is in their interest not to allow it among themselves. I would have them come up as a voluntary will, as an expression of the will of the people themselves. I would not put it into the law, because I consider it entirely unnecessary.

Q. Would you not substitute, as an inevitable result, the system of voluntary partnership, (without an employer), for the employer? By that process of yours would not every one be compelled to go into partnership and work as many hours as he saw fit?—A. No; such a competitive system is not imaginable under a co-operative society; it is impossible. If ever you have been a workingman you will know this much, that the profit of your trade, the honor of your trade, the spirit of your trade, forbids you to underbid others if you can help it; if you are not forced by your own means. They will see that this is a movement going to benefit mankind, and that there would be such a spirit and such an interest in upholding that eight-hour law that there is no possibility of infringing it.

Q. What is to prevent their doing that now without a constitutional prohibition; why don't they now exhibit this spirit and make this arrangement among themselves, that they won't work more than eight hours?—A. It would be useless for them now to do it.

Q. Why would it not be useless then?—A. Because we have started that movement in our society, as far as our organization is concerned. It is spreading rapidly, and we will in a few years be successful so far as to bring insight into every one's mind so that this should not be done.

Q. How would the constitutional amendment make that any more limited; would it not go on as rapidly with it as without it?—A. By showing that our lawgivers are with us in spirit.

Q. The moral force is what you are after?—A. Yes, sir.

Q. Have you any other thing to suggest?—A. The second point has been referred to already, that is, a bureau of statistics and labor; but, I must add, at the same time accompanied with an inspection of factories and of the sanitary condition of the people—an inspection which is authoritative, just as in our city of New York we have a sanitary commission which is invested with certain rights.

Q. Would you have the inspection go into the profits of business?—A. Certainly. The English inspectors of manufactories rarely make use of that right, but wherever there are directly antagonistic statements of the employer and employés they have a right to demand inspection of books just as the tax-collectors.

Q. What inspectors in England have the right to inspect the private books of a manufacturing concern?—A. They are government inspectors.

Q. What is their name?—A. The inspectors of factories, under the acts of 1833, 1856, 1863, and several more.

Q. And they have the right to inspect the private books of manufacturing firms?—A. When they find there are such discrepancies between the statements of laborers and of employers they have a right to do that.

Q. I have examined every English statute on that subject, and I have never found the statute you speak of. I would like to have a reference to it. If there is anything an Englishman is more jealous of than anything else, it is an inspection of his private books.—A. I know it, but government takes the liberty, if we can call it so, to have tax-collectors invested with the same rights.

Q. No tax-collector in this country can inspect my private books.—A. Unless he can force people to make an oath to certain statements. When lawsuits are commenced the books are liable to be taken by the judges and examined. The collector can say any man is a perjurer if he believes him so—just the same right as an inspector of

factories has; when he believes a certain employer to have stated wrongly certain points, because his employés contradict him, he can carry the matter to a court of justice, and he can carry it so far as to have the books laid before the judge.

Q. Now, having got at the information, the private information, the private books, what would you do with the information; make it public?—A. It is not necessary to make it public to correct the statement, but the case may be so that it becomes public if it gets into the court.

Q. These inspectors, you say, are to be charged with this duty of inspecting private books?—A. Only in extraordinary cases, when discrepancies are to be explained. You see, employers and employés so far control each other, if they are awake to the task, if they are awake to the spirit of the law, and we should help to make them so control each other. It is almost impossible for a man to make a wrong statement when his employés tell the truth correctly, and state it in an agreement among themselves or in harmony. The inspectors of the factories will see there is a discrepancy to be explained only from a wrong statement of the employer, and he ought to have the right to let him swear on oath to his statement, and then, if he believes him to be a perjurer, he can call him into court.

Q. When he has got the information what will he do with it?—A. He can force him to correct his statement, to remedy the evils of which he complains.

Q. Suppose it turns out he is making large profits, would you then compel him to pass upon the wages of his workmen?—A. That is not the question at all here.

Q. I understand that to be the very question. What use would you have the law-givers make of the information that certain capitalists were getting excessive profits? How would you apply it practically?—A. It is not necessary to answer that question. There is no immediate need of doing anything against fellow-capitalists. It is the publicity of the fact which works wonders of itself.

Q. How would it act—in what way?—A. Just as it has acted in England. As a consequence of these inspectors of factories publishing their blue books it was that more and more laws were given.

Q. Blue books in regard to property? There are no such blue books.—A. Blue books which made public the wrongs which were done to the workingmen.

Q. I am talking now of the question of private profit. You say you would make it public—public to what end; that wages should be raised?—A. That the workingmen themselves may see how they are *exploité*, as the French call it, to see which way they can help themselves by reforming society or insisting on higher wages or less, one or both.

Q. But you would not have Congress do anything about it?—A. That is the second point I have mentioned. Those inspectors have been in England great benefactors of the workingmen. There are separate sanitary inspectors.

Q. But there are no inspectors of profits in England, and there has been no legislation based upon such report?—A. The workmen see themselves to it that there may be no excessive profit, but the workingmen, knowing they have a friend who consults their welfare, apply to him, and he goes to them and finds out the cause of their wrongs, and he speaks to the employer and tries to better his workingmen, and the workingmen are now, as a body, encouraged to stand together to uphold their wages and curtail the hours of labor. That is what the inspectors of England have brought about.

Q. Have they reduced the hours of labor?—A. They have reduced the hours of labor, which formerly had any possible length in the daytime, down from 15 hours even to now 10½ hours, or 60 hours a week. You see this has been done by the factory inspectors. It could not have been done by the workingmen alone. They wanted friends among the powers that be.

Q. Do you remember the legislation in this State by which the hours of labor were reduced, without factory inspectors, to ten hours?—A. I recollect once. It was not in all the States. It was by Massachusetts making a beginning, and the hours of labor being there reduced, as a rule, to ten, except in the cotton factories, which had no benefit of it.

Q. Well, the State of New York?—A. In the State of New York there was a law, but not in all the States.

Q. New Jersey?—A. In New Jersey the only legislation I am aware of was in regard to children.

Q. Ten hours is a day's labor in New Jersey also by statute?—A. It may be so; I don't deny it. May I go to the third point?

Q. Certainly.—A. I must, however, before going to that, insist on the necessity of having with that system of statistics the system of authoritative inspection, and an inspection that may go to the bottom of the facts that may be material, and enable us to call witnesses and make them swear, and even commence actions for perjury if they find out that perjuries have been begun, so as to encourage workingmen to stand together as a body and to fight for their own rights. The third point is, we wish to have the contract system abolished, and not only in prisons, but in all governmental work

Q. Would you prohibit contracts for private work also?—A. No, sir; I could not

under present circumstances go for that. The next point in order would be the labor of children before 14 years of age to be prohibited. The labor of women to be confined within certain limits, but especially the work of women to be paid for, if it is equally good, in every class of trade, at the same rate as men.

Q. How would you regulate it where they work at things that men don't work at?—A. I am going to that. We must not forget that the general introduction of the eight-hour law, which we insist on as a first necessity, would have already lifted a great many people of the poorest kind upon a higher level. They would have more courage to demand their rights. There would not be so many hungry people working at starving rates. They would not be inclined to offer themselves for such low wages as at present those poor shirt-makers get, or corset-makers, or other kinds of women's work. We will in the mean time organize them to stand up for their rights, but what legislation has done before the eight-hour law will help them materially, and so it is likewise with all the other provisions or demands that we are bringing forth now.

Q. Would you abolish piece-work?—A. I should abolish piece-work, or would have the law so worded that the price of all piece-work should be determined according to the wages of labor.

Q. Who would determine that?—A. That would be between the employer and the employed.

Q. A bargain, as they make it now?—A. They do not do that now.

Q. Take the case of two shirt-makers, making shirts at five cents apiece, and one can finish two in an hour, and the other can only finish one in an hour, what would you do in that case?—A. The case is an extreme case, as you put it.

Q. Nevertheless the difference exists, as you know?—A. The piece-work would be remedied by the means I mentioned before. There would be no more women willing to work at starving wages, and if one earns more than the other, that could not be remedied under the present system, but they would, as a rule, every one try to increase their wages.

Q. Take the case of a woman with a large family, and who was driven, to get food for her family, to work ten hours a day.—A. I think it is a disgrace to a nation to permit any woman to work for her livelihood.

Q. You would make the government take charge of all the widows?—A. Not the government. The workingmen do more for the people among them than any city does.

Q. Who would have to do it?—A. If the city government and the general government would do something to relieve the utter misery of just such persons—if they would keep them unemployed entirely, to kill that abominable system of employing poor women, the government would do the greatest good it could ever do.

Q. You would have the cities do it?—A. I would vote for the city doing it, keeping all these poor women at home with their children.

Q. Would you make a distinction between a woman whose husband ran away and a widow?—A. All such women should be taken care of. It is a disgrace to any government, because those children are a treasure for the government, and a treasure for the people; they are to be saved; and a woman ought to live sixty years instead of twenty-five or thirty, as she does now. It ought to be remedied.

Q. Suppose a man wanted to transfer the support of his family to the city, all that he would have to do would be to go away.—A. Would the city be any poorer?

Q. Would it not be better if the man remained and supported his family?—A. Let the law provide for that man.

Q. He has gone to some other place where they cannot find him.—A. The government gains by saving those lives and by making them grow up to old age, instead of dying young.

Q. Whose business is it to provide for the family?—A. It is the business of the father, but under the present circumstances we are making criminals in that respect by thousands.

Q. If you transfer the custody of families to the city, and the city takes charge of them, do you think they would be so well taken care of as they are now, with the head of the family to look after them?—A. We propose to have better men in those places and to have better care taken of our institutions for the poor.

Q. A great many efforts have been made to reform the city government here, but it is hard to bring it about.—A. This has been the hardest city in all the United States, but it is now going to be better.

Q. Is there anything else?—A. The next point in order is to take better care of education. This means not only that all children up to fourteen years of age should have an education free of cost to the parents, but also that the schools should be so improved that children could really be benefited by a full course of school; that they could derive the benefit of the high-school law, of the grammar school. They cannot do it now. Our schools are so crowded in the city of New York that it is impossible for the teachers to do their duty. Three-fourths of all the children here—and it is so in many cities, and even in the flat country—never see any higher class than the A-B-C class. Only

two children among a hundred that are received in the low class reach the top class in the public schools. They don't receive the benefit of an education such as they might have. We intend to remove that by a better provision for education. That is included in our demand.

Q. How would Congress deal with this question?—A. Congress has been always an auxiliary to all interests of education, but what the community would do, the States would do, and what the States would not do Congress would do it.

Q. Would you have the general government come into New York City and take charge of the general education of the city of New York?—A. Congress could come in in such a way as to take any city in which there is such a percentage of illiterate people and educate them, provided its money was spent in that way.

Q. Grants from the public Treasury for local education you are in favor of?—A. Just as the teachers' conventions did for a number of years demand at the hands of Congress that the negroes and the poor whites of the Southern States should be educated at the public expense by legislation in the way I have stated it before. Now, I think I need not read the other points. You will find them printed in the pamphlet I have presented to you.

"8th. Strict laws, making employers liable for all accidents resulting through their negligence to the injury of their employés." Such a law exists in even such a despotic government as the German Empire is. Such laws are in course of introduction in France and England, and to some degree existed through the sanitary inspection.

"9th. All wages to be paid in the lawful money of the nation and at intervals of time not exceeding one week. Violations of this rule to be legally punished."

"10th. All conspiracy laws operating against the right of workingmen to strike or induce others to strike shall be repealed." There is a conspiracy law of the United States on the statute-book which was applied only last year in a struggle in Indiana. The United States court stepped in because it was a road which connected several States, and, under the force of this conspiracy law, condemned fifteen men to imprisonment for three years because they had done nothing else but had given up their work and left their trains stand where they were. Therefore they were condemned under the United States law.

"11th. Gratuitous administration of justice in all courts of law."

Q. For everybody?—A. For everybody. I think as soon as the poor folks are enabled to seek justice in the courts of law, from which they are now to a great extent prevented, there will not be so much litigation among the wealthy classes.

Q. Should the State pay the lawyers?—A. Well, no.

Q. How would the case be presented? Who would present a man's case?—A. I do not deny that the lawyers ought to be paid by the parties, except the court decides that the lawyer of the successful party is to be paid by the condemned party.

Q. What do you mean by the word gratuitous? because now, as I understand it, a man pays his lawyer and not the judge.—A. Administration on the part of the court itself.

Q. Is that not now done by the community?—A. No, sir, it is not; you have to pay fees of all kinds; subpœnas and other formulas which are served upon you must be paid for, and all such fees.

Q. Would you have the State subpœna all the witnesses?—A. They ought to be handed out gratuitously. They ought to cost nothing. It would be no cost to the State to do that, or worth mentioning.

"12th. All indirect taxation to be abolished, and a graded income tax collected in its stead." As to this point, we know for the present that it cannot be carried out. We propose to wait for that until other points are secured; but by and by we will come to that point.

Q. Do you mean by "indirect taxation" such as custom duties?—A. All custom duties to be abolished.

"13th. All banking and insurance to be conducted by the government." This is also one of the points that are not considered of immediate possibility or necessity; but, as regards the postal savings-banks, we look upon them as a benefit; for the present they are commendable.

"14th. The right of suffrage shall in no wise be abridged." You know there are parties now moving to have the right of suffrage abridged; and, by the way, I wish to mention, to call the attention of the lawgivers in Congress to the fact that the State of Rhode Island confronts the United States, and defies the United States and the fifteenth amendment to the Constitution, by still abridging the right of suffrage to all those who own less than $275 worth of real estate, which is entirely a violation of the fifteenth amendment. In the State of Rhode Island, by this law, thousands of workingmen are prevented from exercising the right of suffrage. It may be said that in Congressional and Presidential elections they are allowed to vote, but the registry law does not take care of it; they are not registered. They may offer their votes, but may be challenged.

By Mr. RICE:

Q. You think that every male adult should be allowed to vote?—A. Yes, sir; if he is a citizen, and by and by we shall come in for women voting also.

Q. You mean the property qualification in Rhode Island and the reading clause in Massachusetts are wrong, and should be done away with?—A. Of course, at present that is a privilege. It makes a privileged class, and, by the way, I know how it works. You know well enough that at election times these poor Irishmen, who have not had a chance to read and write, are gathered in a school, and there for a day or two exercised in writing their names and in reading a certain passage in the Bible, which is pointed out to them beforehand. It is a law good for nothing. The poll-tax of California ought also to be abolished.

"15th. Direct popular legislation enabling the people to propose or reject any law at their will, and introduction of minority representation in all legislative elections." I think I need not explain what is meant by this. We mean that legislation as it is now carried on in Switzerland, so that people may introduce in any legislative assembly a law of their own, a bill of their own, and may insist upon its being read before the people after the legislative body has brought it into proper form; and, on the other hand, the right of the voter to vote on every important law, especially every law that disposes of money.

"16th. Every public officer shall be at all times subject to prompt recall by the election of his successor. That is the right of the people, to recall their lawgivers.

Q. They do so every two years now?—A. We claim the right of recalling any of our lawgivers during the session.

We are through with our present demands. We are ready to answer any other questions whenever it is pleasant to you, and we will lay before you such printed documents as we have published. The labor of children should be entirely forbid under fourteen years of age.

By Mr. BOYD:

Q. What is your business?—A. I am a teacher.

Q. You live in Newark?—A. I do.

Mr. DOUAI. About some points of my historical knowledge I wish to verify my statements. Whenever you have time to have me come here I will come here with the books. In regard to one point, one of the speakers before me may have misstated the intentions of the party unintentionally by being led astray through your cross-examination, because it was a kind of cross-examination. I wish to correct the misimpression which might be created thereby. He seems to state that the laborer is defrauded of part of his earnings through the middle class, or, at least, the impression might have gone abroad. We regard the middle class as being embarked in the same ship as ourselves. They are living on ourselves. We have spent our wages in their stores and shops, and if we have nothing to spend, they have nothing to gain; they have no profit left, and it is just the middle class that is going down most rapidly nowadays. Thousands, and I may say hundreds of thousands, of men of small means, keeping a store or shop, are unable to make more than their expenses, sometimes not even that. They are eating up their savings. We confess no enmity whatever to that class, and we have no enmity whatever to any class of people, because our party considers those things historical necessities; these things have been brought about without any one's will or intention. This is the great bane of the world's progress, which could not be realized in any other way than by competition—the great double competition of the employers and of the employés, each among themselves. Those historical necessities we acknowledge, and this prevents us from being unjust to any other class. We don't make war upon capitalists as a class, but upon capital. We make war upon the wrong idea that any one could derive rightfully an interest on capital, because that interest must come from another person's labor, which is thus far not paid for. We find against the civilization that has come to all mankind, even among laborers as well as among the capitalist class, as though any one was by justice allowed to take profit from any man's labor by taxing him. Of course, the laws have allowed that. We are brought up under those laws, but I beg you to consider that we are not a class which is full of enmity to society, as we are represented. We are fellow-citizens, presenting a remedy that will come to be applied within a very short time, do what you may. We think that within five or ten years matters will have come to such a pass as I stated before. The great capitalists alone will be left, and the millions that are disinherited will be a threatening burden upon them, and then they will, perhaps, hasten to prevent the ills that might flow out of the present kind of production. If our organization is allowed to grow as it has grown before, we need no auxiliary; we need nothing else but the natural growth of our ideas. If those ideas have five or ten years more to grow in the minds of the people, there will be no one else who will share in the prejudices of the people.

The CHAIRMAN. I understand you to say you only make war on capital?—A. As an institution.

Q. Do I understand you to say you are opposed to the acquisition of capital?—A. Certainly.

Q. That capital should not be allowed to exist?—A. Henceforth not allowed to exist; in future society it should not be possible to have any private capital.

Q. Capital is the surplus over a man's debts. The great bulk of capital consists of small sums piled up and aggregated; are you opposed to the acquisition of capital, the accumulation of private property?—A. Not at all, but that capital which we only honor by the name of capital, should be in the hands of all the people together combined as a government.

Q. You mean a common ownership of the capital?—A. Yes, sir; in our future state of society.

Q. There should be no private property?—A. There should be no private property except what you earn through your own labor, and those earnings can never be again a source of new capital, and they will by better education of the people inure to a better arrangement of life and society.

Q. If a man has accumulated a few dollars you are opposed to allowing him to lend it to any one on interest?—A. No, sir; he will not take any in our future state.

Q. Would you prevent him taking interest?—A. Why should I give a law which is not necessary?

Q. Then why have any law at all if people are going to be so good that laws are unnecessary?—A. Why are there thousands of useless laws in the world? That comes from the fact that nowadays everybody is striking at everybody, and our society is a war of everybody against everybody under the forms of law, so that if you organize that law you must do it by an innumerable number of laws which are so complex sometimes as to be unintelligible to the great mass of people. Therefore we say in our future kind of society laws will be few and intelligent to everybody, and people will be so educated as to see that the greatest amount of capital can be gathered if the state is the owner of all men's labor.

Q. If it is wrong to take interest, is it wrong to take profit?—A. Society cannot take any profit for itself.

Q. I understand you to say you will permit the laborer to reap the reward of his own industry?—A. Yes, sir.

Q. And you say when he gets a little money, he ought not to lend it on interest; that that is morally wrong, though you would not prohibit it. I ask you if it would be wrong for that man to take that money and put it in the soil and raise a crop of wheat and wait a year for the benefit of it?—A. Why should it be wrong?

Q. Then it is not wrong for a man to take profit out of his capital?—A. He will have very little chance to do it under our system, because the circumstances of almost everybody will be very much alike. There may be differences, but they will never amount to any great contrast. You may have your own little garden and may lay out your money on that, or you may have collections of birds and animals, or whatever you like, as far as your means reach. If you don't prefer to go to the museum and study there, you may study at home as far as your means allow you.

Q. You would not prohibit a man to get beyond his little garden, would you?—A. We would not restrict any one. We would have education make every one understand his standing in society, that he is to live for the benefit of all, and that society is to live for the benefit of everybody. Let us first get rid of this unchristian state of society. We demand that Chinese emigration under contract ought to be stopped immediately.

The CHAIRMAN. Not otherwise?

Mr. DOUAI. Not otherwise.

ADDITIONAL STATEMENT OF MR. BARTHOLOMEE.

Mr. BARTHOLOMEE made the following additional statement: In the State of Rhode Island there are 2,109 factories, with a capital of $50,000,000, employing 56,450 employés. These employés receive $23,707,513. The raw material used in these factories costs $75,715,970. The material after being worked up and sold in the market at the time these figures were taken brought $126,659,187, leaving a surplus for the owners of those factories of $26,236,392, or $2,528,880 over and above the wages they paid to their men, who really produced the value of the article when it is placed in the market. If you allow 7 per cent. on the capital you will still have all but $1,000,000 less than the money they paid to the workingmen.

By the CHAIRMAN:

Q. Do you know whether the expenses of transportation, advertising, selling, and carrying on the business were deducted?—A. I know that 7 per cent. on capital generally pays all those expenses.

Q. O, no; we have to pay that for money we borrow, and I ask you whether those

other expenses were deducted from that statement.—A. The statement was given at the cost, which, I presume, includes everything.

The CHAIRMAN. Well, it does not. I went through that process, and examined the statistics, and went to the Census Bureau and found that they merely took the cost of the raw material, and excluded all the other expenses.

ADDITIONAL STATEMENT OF MR. BENNETT.

Mr. ISAAC BENNETT made the following additional statement: In regard to cigar-makers, you have asked me a question and I am willing to answer it now, that there are in this city about three thousand cigar-makers; that in the year 1870 they earned $11 per thousand for their labor. In 1872 the reduction was $2. In 1874 another reduction of $2 was made, which left them $7. In 1876 it came down to $5, and at the present time the $11 work which was made in 1870 is now made for $3 a thousand. Now the cost of living in 1870 was $6 per head, and we find out now that the cost of living has only come down $1, and the wages earned at that time by the cigar-makers in general was $12 a week, and if a man earns now the whole year through $5 he is doing well.

The committee here took a recess.

After recess the chairman called the delegations in the order in which their applications had been filed, but none of them were present. The chairman then announced that the committee were ready to hear any person who desired to speak to them, and JAMES CONNOLLY presented himself.

VIEWS OF MR. JAMES CONNOLLY.

By the CHAIRMAN:

Question. What party do you represent?—Answer. I am here from the National Labor Greenback party; not the one represented by Mr. Maddox.

Q. Another Greenback party?—A. The genuine Greenback party.

Q. What is your business?—A. A painter.

The CHAIRMAN. This committee is charged by resolution of Congress to investigate the causes of the depression of business, or lack of employment for labor, and to suggest or advise remedies, if possible; and in any statements you make you will please confine yourself, as far as possible, in the first place, to stating the causes; and, secondly, any remedies you have to suggest the committee will hear.

Mr. CONNOLLY. I don't propose to enter into a long statement at this time, but will beg leave to ask a further hearing at a future day. The causes, as I understand them, are various, the greatest of which, possibly, is the financial condition of the country to-day, the laws governing the finance question as passed by Congress.

Q. What laws do you refer to?—A. The finances.

Q. Well, which of the laws of finance do you think is the cause?—A. The bond system.

Q. First, relating to bonds, in what way do you think the legislation in regard to the United States bonds has brought about the distress?—A. We hold, Mr. Chairman, that the bonds, as issued by the government, being a tax on the people, the earnings of the people are slowly but surely drawn away from them and centered in the hands of the few who hold the bonds of the nation, thus depriving the many of the distribution of the earnings. The earnings, instead of being distributed publicly, are centered in the hands of a few men. The depression of business is caused from this in this way: that a man who has a large capital to invest will take his 6 per cent. in gold or government bonds, and take it away from manufacturing and industrial pursuits, thus throwing a large portion of the mechanic and laboring classes out of employment.

Q. Is there any deficiency of capital for carrying on industrial pursuits at the present time?—A. We hold there is.

Q. What is the evidence of it?—A. The evidence is the price of money.

Q. What is the present rate of interest on money in New York?—A. That is according to what length of time you desire to purchase it for. On call I suppose you can get it cheap.

Q. At what rate?—A. I understand that you can get it for 2 or 3 per cent. on call.

The CHAIRMAN. It was 1½ yesterday. On bond and mortgage; at what rate can it be had on bond and mortgage?

Mr. CONNOLLY. That is another system we complain of.

Q. At what rate can you get money on bond and mortgage?—A. That is a question of doubt.

Q. It is not a question of doubt; it is a question of fact.—A. I know a man who tried to get money to erect a building on bond and mortgage, and he could not be accommodated in the bank at 7 per cent., but a friend of the banking-company did

accommodate him, on condition that he should give him a certain amount for the accommodation over and above the 7 per cent. paid to the banker.

Q. These are isolated cases; but do you know the general rate of interest on bond and mortgage at the present time?—A. As I understand it, 7 per cent.

Q. Six per cent. is the rate, and an unlimited amount can be got on bond and mortgage at 6 per cent. to-day. Then the price of money ranges from 1½ on call to 6 per cent. on bond and mortgage. Is that a high price?—A. I beg your pardon. I do not want to enter into the price of money on call, because I apprehend that has very little to do with the price of labor.

Q. Now, I say money can be had on good bond and mortgage at 6 per cent. Is that a high price for money?—A. I think it is a higher price than they should pay.

Q. Is it higher than they have been in the habit of paying in the past history of New York?—A. It is not; but when we go back into the past history of New York, a question you asked awhile ago as to the condition of labor in 1857, the condition was this: that the price of money was not greater than it is now, but the result of that stagnation was that the banks failed themselves; it destroyed a number of business men.

Q. You said that the reason business was stagnant was because of the high price of money. I asked you what the price was, and we have got the figures, and it does not seem to be the cause. Therefore the cause you set down as the cause of the stagnation cannot be the cause. The price is not high.—A. You are aware, Mr. Chairman, as well as I can tell you, that a man having money will not loan it on bond and mortgage for 6 per cent. for a great length of time if he can get 6 per cent. in gold on government bonds.

Q. But there is at present an unlimited amount practically of money to loan any length of time on bond and mortgage, in bank, at 6 per cent.—A. I don't so understand it.

Q. Well, simply put it down in your testimony. I give you the fact. If you bring me good security, I can get you $1,000,000 on bond and mortgage at 6 per cent.—A. Well, possibly I can bring a witness here on Monday to contradict you.

Q. Well, you can do that. What other cause do you give besides the high price of money for the depression?—A. As I said before, I don't propose to be led away from the question.

Q. What is the question?—A. I desire to make this point, that it is the system of legislation for which you as one, I believe, voted, to create a bonded system which robbed the people of money which drew no interest, and gave to us a bond which took from the people an interest.

The CHAIRMAN. I did not vote for any such legislation.

Mr. CONNOLLY. I am glad to hear it.

The CHAIRMAN. I never voted for anything about the bonds. I found that system in operation when I went to Congress, and I object to your saying that that is a system of robbing. It is a system by which the people may have been overtaxed, but robbing is something quite different. I did not vote for it, but what I would have done if I had had a chance is another question.

Mr. CONNOLLY. I don't suppose any member of Congress would put his hand in a citizen's pocket to take money out, but we do say there were means used in Congress to get these laws through in Congress that were not possibly moral. If we understand, they were paying the interest in the currency of the country, and these people came back and demanded that they should pay the interest in gold; and, after having accomplished that, they came back and demanded that the principal should be paid in gold; and then Congress allowed the currency to be contracted so as to create a fall in price in such a commodity as real estate, &c.

Q. Do I understand you to say that the interest on the bonds as originally issued was payable in paper?—A. I did not say paper.

Q. Well, currency?—A. In the legal currency of the nation; that is as I understand.

The CHAIRMAN. You are wrong as to the payment of the interest; the law expressly provided that it was to be paid in coin.

Mr. CONNOLLY. I am not an educated man myself, but I have looked into the dictionary, and I can't find where it says gold or silver is coin. The Constitution says the government shall coin money. Now, if you will show me where the meaning of the word coin is gold and silver, then——

The CHAIRMAN. We are not here to give definitions of words.

Mr. CONNOLLY. I understood you to say it was coin.

The CHAIRMAN. I said the language of the act was coin. You have said that collecting the interest of the bonds from the people produced the stagnation of business.—A. It helps.

Q. Well, what else?—A. The contraction of the currency and issuing more bonds for to resume specie payment; and the last $50,000,000 of bonds issued for that purpose was direct fraud on the people and helped to continue this state of affairs.

Q. How much has the currency been contracted in any period you choose to take?—

A. I suppose there is in the neighborhood of from $1,400,000,000 to $1,500,000,000 during the war of legal-tenders and other notes which passed as currency.

Q. What date will you fix for your $1,400,000,000 or $1,500,000,000?—A. Well, take it along about 1863 or 1864. I judge I am not exactly correct on the point, but will give you the figures, if you please, on Monday, if you desire them. As the committee had those matters before them in Congress, I did not suppose it was necessary.

Q. You say the contraction is a cause of the business depression. I want you to define what the contraction was. I understand you to say it was $1,400,000,000 about 1863 or 1864. Now, I want to know to what amount it was contracted.—A. Take the other currency itself—the greenback currency. If I am correctly informed, it was $800,000,000. Since you have adopted the national-bank system of letting a man owning $100,000 purchase a government bond and pay him gold interest for that bond, with the privilege of leaving it in the government vault, and then allowing him to issue $90,000—in doing this you compel this man to hold a certain amount of greenbacks in his vault, as I understand it, which is not in circulation; there is a certain amount of reserve of the currency, of the greenbacks, which are kept in reserve, and not kept before the people, but the bank-bill is kept before the people and bears interest on the face of it, which interest the people have to pay.

Q. What is the amount contracted—from $1,400,000,000 to what?—A. I judge that we have not now in circulation in the United States to-day, of bank-bills and greenbacks, over $550,000,000.

Q. Are there more issued than that?—A. There was.

Q. I mean are there now?—A. Some of the banks, I believe, are contracting these for the purpose of keeping the rate of interest up.

Q. They do not succeed?—A. They seem to do very well.

Q. Do you mean to say they succeed in keeping up the rate of interest?—A. They seem to do it. I don't hear of any of them failing. I assure you if the rate of interest went down so low they would fail, as manufacturers do.

Q. They would not. They might let their capital lie idle.—A. They do not fail. That fact itself shows that the rate of interest is not low. We hold that the banking system should be revised; that the present bank currency should be withdrawn and greenbacks issued direct by the government to the people, either through some banking system or to the people direct.

Q. How will that help the laboring man?—A. It will withdraw from the bondholders their money, and compel them to invest that money in business.

Q. Won't he get his bonds back when the money is taken up? He has his bonds lying there for security on his notes; the notes are withdrawn, and he gets his bonds back. Would he draw any interest on his bonds after that?—A. O, yes; unless we redeem these bonds. We want the government to redeem them.

Q. Your next proposition is to retire the bonds, retire the national-bank notes, deliver to the bondholder his bonds, and pay them off. What do you propose to pay his bonds with?—A. In the currency of the country, whether it is gold, silver, or paper; and, as silver is now cheaper, I think it is better to pay him in silver.

Q. How would the government get the silver to pay off these bonds? There are about $400,000,000 of these bonds deposited. Where would the government get the silver?—A. I would take the bond, and when we paid out all the silver, then we would fall back on the greenback.

Q. There are only $12,000,000 of silver coin now in the country. You would pay off the $12,000,000 of silver and then pay off the rest in greenbacks?—A. In either one.

Q. Would it not be cheaper for the government to print the greenbacks rather than pay the silver?—A. I suppose it would.

Q. Then you would pay these bonds off in greenbacks?—A. In greenbacks, or silver, or gold.

Q. Suppose the bondholder declined to take them, and said here is my bond—the principal is not due?—A. Then I would stop the interest on the bond.

By Mr. THOMPSON:

Q. How would you pay the greenbacks?—A. There would be no necessity for paying the greenbacks as long as the government took them for all debts, dues, and demands, public and private, including interest on the public debt and custom dues.

Q. You don't mean that paying in greenbacks is paying the debtor? It is merely paying the form of the debt, promising to pay it; but how will you pay the greenback when the time comes to fully pay it?—A. I will answer that question if the gentleman will be kind enough to answer me how he will pay his gold dollar.

Q. You don't have so many in circulation?—A. The question is the same. I mean the government stamps its silver, and says that is a dollar. If you go to redeem that dollar it gives you a gold dollar for it, or any other currency the government credits, and, if the government credits paper money, it can redeem it in paper or silver, as long as it lasts.

Q. Does the government have a dollar to redeem at all? The greenback system

makes the paper dollar equal to the gold dollar, although intrinsically and perpetually irredeemable?—A. I hold that the government is capable of issuing its own money.

By the CHAIRMAN:

Q. What limit would you put upon the issue?—A. I would limit it to the amount of bonds in circulation.

Q. Why take that estimate?—A. Because we want to wipe out the interest system.

Q. Would a further increase of these greenbacks beyond the amount of the bonds outstanding depreciate the value of the dollar?—A. If the nation required a further increase, then the government ought to increase it.

Q. Would it decrease the value of the dollar; would it purchase as much flour as before?—A. How would that act in that way? If there is only enough in circulation to carry on the business of the nation, and it was received for all debts, dues, and demands, it will purchase every commodity.

Q. My question is whether, if you increase the quantity of these greenbacks (which you say are as good as the gold dollar with the stamp on it) beyond the amount of your bonds, they would have the same value as before?—A. I think they would. I don't propose to go into that. I propose we issue not beyond the amount of bonds now in existence; but, if the necessity of the nation ever demands it, the government has a right to issue any quantity that the nation requires.

Q. Would they depreciate in value if the quantity issued were unlimited?—A. I don't think they would.

Q. Is there any other cause for the depression of business besides these?—A. Yes; there are several little things. There is another question now comes to my mind relative to the railroads, which I heard discussed a little while ago. I think that also tends to injure the laboring classes. I don't mean in saying the laboring classes the laborer—I mean the industrial classes of the nation. The giving away public lands, securing the credit of these companies, was a fraud on this nation, and is injurious to this nation.

Q. Why so?—A. Because they have created a monopoly of these companies, and prevented competition.

By Mr. RICE:

Q. Has not a private company a right to land for the purpose of building a railroad?—A. But when the government undertakes to give to the company more land than is sufficient to build the entire road, besides securing its bonds, it is creating a vast monopoly not only in the railroad itself, but in the land also.

Q. Your trouble would be that the government has given too much, not that it has given something?—A. No. The point I raise is this: that instead of the government giving the public lands to build railroads, had the government issued its own currency and built these roads, thus owning the roads for all time, it could have set the rate of fare on these roads at a price which would have met the requirements of the people. At present you have given away everything. You have built the roads; you have paid for them, securing their bonds, besides giving them the public lands, and you don't own a dollar of it.

By the CHAIRMAN:

Q. Have you seen the recent decision of the Secretary of the Interior that the lands all lie open to entry at $1.25 an acre?—A. Well, I have; but, unfortunately for the people, these decisions have changed so often in Washington that it is almost impossible to tell where we stand.

By Mr. RICE:

Q. Suppose you were going to have a farm of 100 acres of land, would you rather have it within 5 or 100 miles of a railroad?—A. Five miles.

Q. Would it not be more valuable there?—A. Certainly.

Q. If the government has got a great quantity of land there, and can give away some of it to have a railroad built, by doing it does that not increase the value of that which remains?—A. Certainly it does.

Q. If the government then gives away the alternate sections of this land and retains the others, so that they are made worth as much more, then would it not be a better operation than to have the whole land lying unimproved?—A. Certainly; but it would be better for it to build the road itself.

Q. You mean that it would be a better operation for the government to do it by issuing greenbacks than getting it done by giving away alternate sections of the land?—A. Yes, sir.

The CHAIRMAN. I suppose you are aware of the fact that the last Congress made provision for securing every dollar of that money, and it is now the law?

Q. The point I call your attention to is not whether the government has heretofore built more railroads than it ought to, but whether having given a certain amount, enough to secure the building of the road, if it were given properly, is a disadvant-

age?—A. I claim that it would pay the people better for the government to build the railroad itself and own the whole railroad.

Q. If the government had not money to pay for it.—A. The government could. It gave more land away than would pay for it; and I hold that that money should be repaid.

By Mr. THOMPSON:

Q. Which road do you refer to?—A. The Pacific.

Q. By the land grant they have the right to it.—A. If I understand the land laws correctly, no act passed by Congress or any legislature is good in law where corruption was used in its passage; and I think that this committee, if it will examine the records before Congress, will find it was through corruption this was obtained; therefore it ought to be repaid.

The CHAIRMAN. I wish you would state in that connection that none of the gentlemen present were members of that Congress.

Mr. CONNOLLY. O, present company always excepted. Now, if the government had built these roads, the people would have got to these sections cheaper; they would have had cheaper transportation.

By the CHAIRMAN:

Q. Do you think the government manages its business so well that the people would have cheaper transportation?—A. I suppose so.

Q. What would have been the effect on the running of the Pacific Railroad by a change of administration from Republican to Democratic or from Democratic to Republican?—A. From the information I can get from the papers, &c., I understand that wherever an administration is brought in contact with these corporations, there we find corruption, but where the government runs the institution itself, we have not so much to find fault with; but, in answer to the last portion of the gentleman's question, we propose to answer this question as soon as possible. The Democratic and Republican parties have been in office long enough, and we propose to put in Greenback men.

Q. Would you put in Greenback men in place of Democrats or Republicans?—A. The only question is, as it happens, which party happens to be in. My friend just refers me to this building we are in. We have not much fault to find with that, because it is run by the government direct.

Q. Did the government display good management in this building?—A. O, no; and I will tell you why it did not. Because the government allowed a system of private contracts to prevail, and I had the pleasure of appearing before a Congressional committee on one occasion, on this very building, and affidavits were drawn up and presented to Congress to show that the very lead pipes supplied for the use of the building were carted over to Brooklyn to private houses.

Q. Is that evidence that the government can administer things more economically than a private corporation?—A. Yes, sir. The very moment dishonesty is found it will be shown up and remedied immediately, but where they come in contact with big corporations they invariably give the big bulk to the private corporations, and they swindle the people. The same might be said with regard to telegraphs. I hold they should own them also.

Q. Would you take all the railroads and telegraph-lines and pay for these also in greenbacks?—A. If the government could not procure gold and silver enough, I would do it. We had gold and silver enough previous to the war, and bank-bills, for carrying on the business of the nation. When we stop paying interest on the bonds now held abroad, every dollar of which is paid out of the nation, that money would remain at home here for our own use, and industry would spring up all over the country.

Q. But the value of the railroads in the United States is very large, and there never has been currency enough to pay for them. I ask you whether you would issue paper to pay for them?—A. I think the government would have the right to build these roads on its own paper, and I apprehend if the government built these roads honestly, they would not cost one-tenth of what the companies now say they cost them.

Q. The estimated cost of the railroads of the United States—have you any estimate of how much it would be?—A. I think I would refer you to Mr. Thurber for that; he is better posted than me.

Q. Thirty-five hundred millions of dollars is the estimated cost of the railroads of the United States. Would you print thirty-five hundred millions of greenbacks to pay for them?—A. You will bear in mind it would not require any such sum, because some of these have earned enough to pay off the indebtedness.

Q. And the owners of that property would not get anything?—A. The government would do it.

Q. Existing railroads all belong to somebody. You say some of them have earned money enough to pay for them. The stockholders embrace all classes of people, and the widow to-day and the orphan to-morrow may call for their interest on the bonds they hold. Now, what would you do with that widow and orphan? Would you give them

money?—A. The great stockholders of these roads invariably ask us, what would you do with these widows and orphans?

Q. Well, or with anybody?—A. The stockholders of these roads take precaution to see that they get very little interest on their money; they generally water the stock and divide the spoils in such a way that they get very little.

Q. Well, what little they get?—A. Certainly.

Q. But the government is going to take and print greenbacks to pay them?—A. I am speaking of the roads where the government gave land.

Q. Would you have it own the railroads?—A. If it did not own them, I would have it control them.

By Mr. THOMPSON:

Q. If it became necessary for the welfare of the people, an advantage to own these roads, why not confiscate them at once, and be done with them; why not do it directly and openly?—A. Why confiscate them when we have got the power to direct them?

Q. If the roads have become injurious, and the welfare of the people demands that they should be owned by the government, why not confiscate them?—A. I don't propose to confiscate. I only propose that the government shall not give a dollar to any railroad or other corporation to build any institution of the kind. The government can protect its own citizens, and if there are too many people in New York City, poor men who cannot earn a fair livelihood for themselves, then the government should give these men such loans as would enable them to go on the lands to earn a living for themselves and families. As it stands now, where is the mechanic that can go out West on a farm? He may have sufficient to pay his fare on the road, but when he gets there what is he to do? Now, if you will propose to Congress to send our people off to the West, and secure them for a year, as you did these railroads, you will thereby relieve distressed cities.

By the CHAIRMAN:

Q. Now you are at the remedies. That is one remedy?—A. Yes, sir.

Q. Have you any other remedy besides sending people out to the West by the government?—A. The next is these parties who own railroads; I would compel them to pay their taxes, which they don't now do.

Q. Do you mean the United States does not collect its taxes from the railroads?—A. That is just what I mean, both State and national governments don't.

Q. Can you point to any law of the United States that imposes a tax on railroads?—A. I judge one institution by another, whether it is a railroad or steamboat company or manufacturing establishment. We find right in this city corporations having large establishments underselling smaller dealers. For instance, we will take the banking interest, and I will give you a case in point.

Q. You said you would have the government collect taxes from railroad companies?—A. Yes, sir.

Q. Tell us any company that it does tax. What taxes does the general government impose on them?—A. That I don't know.

The CHAIRMAN. As a matter of fact it imposes none.

Mr. CONNOLLY. Then the quicker they do tax them the better.

Q. That is a remedy?—A. As you have just stated there is no tax on such companies by the general government, I may claim to be officially informed on that point. Then we hold it is the right of the government and Congress to tax these companies, or their earnings.

By Mr. RICE:

Q. Would you have the States tax them, and then the General Government also—tax them twice over?—A. That is a question we can't solve, for this reason: When we inquire where Vanderbilt pays his tax, we are informed that he pays his taxes in New York; but when we come to New York and inquire, we find he swears he pays them in Albany.

The CHAIRMAN. That is a point for New York.

Mr. CONNOLLY. Well, that is a point I make.

Q. You want us to put a tax on the railroads?—A. We want to put a tax on the surplus capital of every capitalist in the nation.

Q. Suppose the railroad is in the hands of a receiver?—A. I would bring that home to those who built that railroad.

Mr. BOYD. You are speaking now of New York exclusively?

Mr. CONNOLLY. Of the whole United States.

Mr. BOYD. Where I come from we don't have so many of them in the hands of receivers. They pay their taxes pretty well.

Mr. CONNOLLY. May I ask what part of the country you come from?

Mr. BOYD. I come from the West.

Mr. CONNOLLY. Yes, I thought so. The greenbackers are there. I was out West not

long ago, and they seem to take hold of these matters pretty well there, and we will do it here.

By the CHAIRMAN:

Q. What other remedy would you suggest?—A. We suggest that the State does not collect the taxes on the bonds of these roads; that the government should enforce the payment of the taxes on these roads. We do not see why a man that owns a little house, probably worth a thousand dollars, should have to pay taxes to support the nation and State both; we don't see why he should be taxed for every dollar he can earn, while the other goes free, because he is wealthy. We propose to create a graduated taxation, and a taxation on the incomes of the people. A point I raised a moment ago was this: that I find small manufacturers in this city, in the tobacco business, crushed out by the larger ones. Why? Simply because the law suits these larger ones. If a man is a dealer on an avenue, having a small store, or desires to go into business for himself, he must give bonds; if he employs but one man he must give bonds. He can't sell cigars in the same place he manufactures them. He must have his office fixed up, inclosed to the ceiling, thus forcing him to go out and get another place. That is in the interest of the large manufacturer. He is compelled to pay for a larger place than he requires, and if he does not want it he is compelled to pay for it. The rich man can settle with the government, but the poor can't. Right here in the city, an institution that was burned not long ago, the gentleman settled with the government twice. He settled for a few hundred dollars. Those are some of the evils, and as this man increases in wealth it decreases the condition of the poor man. He is forced, in justice to his wife and family, to reduce the wages of that one man he employs, and when he reduces, the wealthy man reduces his, and crushes him. Now, we find that, instead of working the eight-hour rule, as it should be done, in certain circumstances these men employ women and children, working ten, twelve, fourteen, and sixteen hours a day, and in some cases eighteen, enduring the smell of this tobacco all the time; yet there are laws created by Congress which grant the right to these men to manufacture in just such places. Some may say you can't prevent a man manufacturing where he pleases. I hold you can. If Congress has the right to say what a man shall be taxed for, what he may manufacture, that he must give a bond for the person he employs, it has equally a right to say *where* they shall manufacture; and if you say they have not, then we call you back to this, that you say you must not sell where you manufacture your goods. This crushes the middle-men and the cigar-men in this city. We hold also that just as soon as you wipe out the government bonds there will be no necessity of this taxation on the people. That is what is ruining us now—this eternal taxation; taxation to pay the interest ordered by Congress; and unless this thing is wiped out, very likely there will be a day of reckoning some time, and if we can't right it in one way, Kearney will come here and right it in another. I hope to God he will. Still, we know France is not like this nation, but the remedy is in our hands. We are the people; of course we understand that. Tobacco is used just in this way, and it is tax after tax from the time it leaves the farm until it is used.

Q. Have you compared the tax of England and Germany with this country on tobacco?—A. I don't consider that is the question.

Q. What is the present rate of taxation of Great Britain on tobacco?—A. It is very great, I understand.

Q. How much?—A. I don't know.

Q. Do you know how much it is here?—A. I don't understand, sir, except as I hear the manufacturers state. In the first place, a man purchases his goods in the store; an account is kept of how much is in that store, and he is required to produce just so many cigars, and no more, from that tobacco; and he must give a statement, a sworn statement, that he manufactured just so many from that tobacco.

Q. Would you abolish the tax on tobacco?—A. I would abolish the tax on everything, but just so far as would run this government.

Q. Would you abolish the tax on tobacco?—A. I would not tax a single article of American production where it can be put on foreign products.

Q. You are in favor of protection, then?—A. I am. If we do not protect the American mechanics they will sink. The same thing exists in the iron trade. We have iron ore enough in this country to manufacture all the iron the country needs; but, strange to say, while you prohibit the introduction of foreign iron without duty, you do not tax scrap iron coming to this country.

Q. Do you state that as a matter of fact?—A. Yes, sir.

Q. When it is removed from the vessel and sold it does not pay any tax?—A. When removed from the vessel a tax it does not pay.

Q. What rate of tax does it pay?—A. I don't know. The chairman knows more about that than I do.

Q. You are misinformed on that subject.—A. I understand from the Ironmolders' Union that they have petitioned Congress in that respect; but, if the gentleman de-

sires, perhaps I can get him the petition, and the information. I suppose Mr. Hewitt has seen the petition.

The CHAIRMAN. I have never seen it.

Mr. CONNOLLY. It seems to me that that is one of the evils under which we are living; when we send petitions to Congress rarely one of the Congressmen sees them.

The CHAIRMAN. If you had sent it to me I would have seen it.

Mr. CONNOLLY. If a petition from the bankers' or brokers' association had been sent, they would have seen it.

The CHAIRMAN. You understand that a petition is sent to the individual Congressman and goes from him to a committee.

By Mr. THOMPSON:

Q. What was the petition for?—A. To keep up the duties on the iron.

Q. It was to retain the duties as they were previously, and in opposition to Mr. Wood's bill?—A. Yes, sir.

Q. Mr. Wood's bill did not pass?—A. Well, we don't know how soon it will. Our people are under the impression that it only sleeps until after the election.

The CHAIRMAN. Now, you are mistaken. Iron brought in in that way does pay duty.

Mr. CONNOLLY. Mr. Wood was certainly very liberal in some things to throw off duty in the interest of the capitalist.

By the CHAIRMAN:

Q. I understand you to say that you want Congress to put taxes on all articles of foreign production that come in competition with home production?—A. We don't care what you do with the duties if you give us plenty of money, cheap interest, low interest. A gentleman stated a little while ago in regard to the eight-hour law that the government, that Congress had seen right to create a law and then tell its servants to break that law. I don't say that a man has not got a perfect right to work twelve hours if he pleases in private work or in his own house or shop, but where the government creates a law making eight hours a legal day's work it ought to enforce that law, and where the government gives out contracts, every dollar's worth of that ought to be done at eight hours a day or else repeal the law.

Q. Will you be satisfied with the repeal of the law?—A. No; but we demand it shall be enforced. So far as private individuals are concerned the labor organizations of this country will see that it is enforced; that they can do if Congress enforces it; that is what we are waiting for.

Q. We have had all the objections about the eight-hour law. It is mere repetition. What else is there?—A. Well, I don't see any necessity of me taking more time to-day, Mr. Chairman. We will endeavor to enlighten this committee possibly on Monday or Tuesday.

VIEWS OF MR. WILLIAM HASTINGS.

WILLIAM HASTINGS was the next person to appear before the committee.

By the CHAIRMAN:

Question. Do you reside in New York?—Answer. No, sir; I reside in Brooklyn.

Q. What is your business?—A. Well, I am not in any business; I am living on my capital at present.

Q. A capitalist?—A. I am a capitalist.

Q. Now, Mr. Hastings, we will be very glad to hear from the capitalist; we have not heard from one yet.—A. Of course I am not compelled to state the amount of my capital?

Q. No. A capitalist, as I understand it, is a man who has more than enough to pay his debts and meet his daily wants.—A. I am not a bondholder. We have had a great many bankrupts of late in the country, and a great deal of assets have gone into the hands of official assignees in bankruptcy. I have not the evidence of the exact amount of money and property that has passed into the hands of these official assignees within the last six years, certainly not within the last thirty years, but it is enormous.

Q. Many hundreds of millions of dollars?—A. Yes, sir; now, I know something in reference to the settling up of these estates, and in many such instances I know that seven years, if not longer, have been taken to settle up these estates, and in the mean time the stocks and bonds are required to be placed in certain banks which are named by the judge of the bankruptcy court. I thought it was a very practical suggestion to make to the committee that they should inquire from the official assignees the amount of money, stocks, bonds, and other property withdrawn from the channels of business and tied up in their hands.

Q. The bankrupt law has been repealed. In what way would it have any bearing on the duties assigned to us by the resolution? It might show that a good deal of distress was produced.—A. When you withdraw from the channels of commerce five

hundred to one thousand millions of dollars for one, two, or three years, does it not produce distress to have so much capital tied up?

Q. That is not the case. The money is deposited in the banks.—A. But it is held there subject to the order of the court.

Q. But it is held there as a deposit; the bank holds it as other money.—A. I am not aware of that.

Q. But it is the fact.—A. I think not, sir. Under the law they are not allowed to speculate with it.

Q. It is not speculation.—A. My impression is that the proceeds are locked up.

Q. Well, the money itself is not locked up.—A. Well, it is a matter of no importance whether it is the proceeds or the money, it is locked up as long as the estate is in bankruptcy.

Q. It is kept from the creditors.—A. Yes; and they are generally business men.

Q. But it is loaned out?—A. Are you speaking from actual knowledge, sir?

The CHAIRMAN. I have had some knowledge of bankrupt estates, but it does not bear out your statements. Every bank keeps a margin on hand, of course. If you can give us any instance of money being locked up, and kept from circulation, we will be very much obliged to you.

Mr. HASTINGS. Yes, sir.

VIEWS OF MR. THOMAS GOODWIN.

THOMAS S. GOODWIN, who gave his residence as Port Richmond, Staten Island, and said his occupation was that of a physician, next appeared before the committee, and requested to be heard. His request being granted, he spoke as follows:

I have spent half of my professional labors among families who are utterly unable to pay, for want of employment. I wish to speak to the point that has already been presented, the necessity of reducing the rate of interest, and to make money circulate. I hold that there is money enough; its accumulations are unhealthy for a republic; they are only adapted for monarchical institutions. The remedy for the evil would be to bring the money we have already into natural use instead of having it capitalized out of the reach of those who need it. To accomplish this I propose an income tax of a progressive character, with a view to reduce the value of accumulated capital, lay a tax on it that will discourage vast accumulations, even compel them to be scattered, to make these vast accumulations impossible; by putting an increased percentage on increased accumulations, you will discourage the furor with which the community is induced to accumulate vast useless masses of property while the masses of the people are starving for want of the facilities which that money would afford.

Q. You would put a differential income tax—would you put it upon the assessed income, or on the value?—A. I would put it on both.

Q. That, of course, would reduce the net income?—A. It would.

By Mr. THOMPSON:

Q. If you taxed it up to such a rate that a man could invest his capital to better advantage in another country where the tax was less onerous, then what would you do?—A. Let him go with it. The country is better off without him.

Q. Then you think the country would be better off without that man than having him with his capital?—A. If it could be got out of the country. Capital is like the circulation in the system; if the blood circulates properly, there is no danger.

By Mr. RICE:

Q. Countries without capital don't show to the best advantage—don't show the best achievements. Take Turkey, for example. Turkey is a country with little capital?—A. Allow me to suggest another; take the islands of the Pacific; they are happy, and filling all the conditions of society better than we are.

Q. Would you be glad to see this country brought to the condition of the islands of the Pacific?—A. Not so low, but——

Q. Let me formulate my argument in this way. Suppose the capital all got into the hands of a single man and another held all the merchandise, and another held the real estate. Now, how near do you desire to come to that condition? When that time arrived would it be an advantage to send these men away to another country?—A. It would. If these men and their capital could be got rid of it would put society in a fresh condition.

Q. In other words, if the man that had the capital and the man that had the merchandise went away, leaving the land to the people, the people would be better off?—A. Yes, sir.

By Mr. THOMPSON:

Q. Would not the climate be rather against that theory?—A. I was going to say that we are now living in a European city on an American border. It is the doctrine of the United States to receive all——

The CHAIRMAN. I think it proper to state that the committee has been very willing to hear everybody's views, but the time is coming now when it must begin to summon witnesses, and gentlemen who want to appear must send in their applications in advance. The committee is desirous to obtain all shades of views, but after this it will summon witnesses. It has adopted the following resolution:

***Resolved*, That the committee invite employers and others engaged in business operations to give evidence before the committee, or in writing, upon subject-matter included in the resolution under which the committee is acting, and to send their address to the chairman in order that notice may be given as to the time when the evidence may be taken.**

Adjourned to August 3, 1878, at 11 a. m.

NEW YORK, *August* 3, 1878.

The committee met pursuant to adjournment.

Present, Messrs. Rice, Thompson, and Boyd.

Mr. THOMPSON. Mr. Hewitt, in consequence of indisposition, is unable to be present this morning, and requests us to go on without him, and we will do so. Mr. William A. Carsey is the first gentleman on the list this morning, and we are ready to hear him.

VIEWS OF MR. WILLIAM A. CARSEY.

WILLIAM A. CARSEY appeared and made the following statement:

By Mr. THOMPSON:

Question. State what organization you represent.—Answer. I am secretary of the general committee of the Greenback Labor party, and a member in good standing of the Bricklayers' Union in this city, and had the honor to be elected president of our Trade and Labor Union in this city two years ago.

Q. In what capacity do you appear now?—A. In those various capacities, as a workingman representing those organizations.

By Mr. RICE:

Q. What is your own business?—A. Bricklayer, and sometimes an editor. I came here as a representative workingman to-day to present what I consider is needed for the immediate relief of the people. I don't wish to discuss theories, and will say very little about causes. We know the present condition of the country, and of the people in the country. The workingmen at my trade and others are idle most all of the time. In certain cases people don't get work on an average six months in the year. The wages we get don't suffice for the support of our families, and that is the reason I became an editor. Of course we have our reason for that—the want of proper legislration in Washington; and still we have an abundance of all the necessaries of life and sufficient to support all our wants if we had proper legislation. The first thing we ask is the passage of the homestead bill before Congress.

Q. You say there is general depression of business; have you any view in relation to what causes that?—A. Legislation in the interest of classes.

Q. Specify any particular class.—A. Banking interests, landed interests, and railroad companies: we have given away all the national wealth of the country to classes who employ or disemploy the people at their own pleasure. They regulate the supply by the wants of the market, and enslave the mass of the people, and, if they do not see fit to employ the people, those in their employ are thrown out on the community without any means to sustain themselves or their families. Railroads pass into the hands of three or four men who have under their control some hundreds of thousands of people They can raise or depress prices as they please, and they can cast out in the community, and they do cast out in the community, through improvements of all kinds and inventions of all kinds, their employés. Then we have the concentration of wealth in the hands of great manufacturers, great business men, and the middlemen by that concentration of wealth have been cast out on the community without any means of sustenance for their families, and, as all the wealth is now earned, or held, rather, by individuals, a man disemployed for any cause cannot employ himself. There is no provision for his employment, and we ask legislation so that if a man possessing no capital of his own cannot maintain his family, then the government shall step in as employer. I would do that, and then men can get the means of supporting life. We have in the city thousands of people who cannot find employment. This bill would furnish a way for those people to make a living for themselves on the public lands.

Q. What provision do you propose by that bill?—A. The government will assist people by transportation, loan of seeds, and tools, and lumber, and other necessaries to settle on the public lands, those materials to be loaned to them for five, ten, or fifteen years at a low rate of interest, to be paid back to the government, as the government

of Australia, Canada, Brazil, and our own government before the war, and as Connecticut and other States did with the people. In the early days Connecticut, Massachusetts, and other States assisted the people to settle on farms. It was a good policy at that time, and we consider it a good policy to-day. The money would be safely invested by the government, and would cost the government nothing but the printing of it, and it would be paid to the government with interest, and to the benefit of the country and the people at large. The next relief we ask for the people is the development of our country by a great system of internal improvements, such as the Hudson River improvement, the Mississippi River, canals, docks and harbors, and the Texas Pacific Railroad, these roads and canals to be built by the government engineers, and our own citizens to be employed on them, and paid a fair day's pay for a fair day's work, and if a man would not do a fair day's work, employ another man in his place. The money to do that work might be greenbacks, as we employed our soldiers during the war and paid them in greenbacks; any government currency the government sees fit to issue. Those measures, by employing our people and putting them to work to produce wealth, would lead to the inflation of prices. All speculative men, seeing the rising prices, would invest in business. To-day, through the withdrawal of the currency, prices are falling, and the result is that any man that embarks in any business will be bankrupt. By the time he has built a house prices are so depreciated his house is mortgaged, and we cannot expect any property until there is an inflation of the currency, an employment of the people, and a rise in prices.

Q. Do you mean that the depreciation in values is yet going on?—A. I have here the Herald of the day before yesterday. It is not a paper in our interests, and not apt to tell the truth in its editorial columns, but it gives the business news. It says: "July proved to be a disastrous month in business circles, and sixty-seven failures are reported in this city with aggregate liabilities amounting to $5,738,171. This shows an increase of thirteen failures over the record for the month of June and an increase in the total liabilities $1,400,000." Every one of those men that failed pulled down some other houses connected with them.

Q. I ask you whether in your opinion the repeal of the bankrupt law has not had something to do with increasing the number of failures?—A. It certainly has had such an effect, but under this bankrupt system any man that wishes to defraud his creditors could have gone into bankruptcy without waiting for the effect of this law.

Q. A limit has been fixed to the operation of that law. Has it not, in your opinion, had the effect to increase the number of failures?—A. It had this effect. An honest man that wished to pay his creditors would continue to struggle to pay them, but a man that sees this bankrupt repeal hanging over him, that has a doubt that he can pay his debts, he will rush in and take advantage of the bill, and by so doing destroy confidence, and pull down other men that attempt to carry on business, and one failure will produce another. As a future remedy we would advocate industrial education. We hold that our present system of education is false. It is a commercial system. We teach our children to be clerks, merchants, lawyers, and ministers. We don't teach them to earn a living by industrial labor. The result is the young men of America don't like to learn farming or mechanical business, and it is as necessary that we should educate our farmers and mechanics as to educate lawyers and doctors. We have a surplus of lawyers and doctors and middlemen in the market to-day because of our system of education, and it would be as wise to establish great mechanical schools as to establish West Points and Annapolises to instruct people in the art of war.

Q. Is there not a surplus of mechanics, as of lawyers and doctors?—A. Yes, sir; but not as great a surplus of them as men without half a trade who try to make their living by their wits. Look out on Broadway at twelve o'clock any day, and you will see 100,000 people who have no visible means of support. In connection with that system of industrial education we believe we should have a bureau of industry as we have a bureau of agriculture, so as to have an intelligent system of production and consumption in this country. Under this present system we have no intelligent guide for the merchants or business men to regulate their productions by. Every man speculates and takes his chances. We should have a bureau that would collect information as to the productions of the country, so that an intelligent man, by studying the report of that bureau, can estimate the amount of crops to be produced next year; and if we had a bureau of industry it would not only benefit the working classes, but would benefit every manufacturer and producer, for he would know the amount of goods in the market and the amount likely to be required the succeeding year in the market. We desire to abolish the contract system on all public works for two reasons. One reason is that by the contract system the labor, given out as it is to the lowest bidder, necessitates swindling on the part of the contractor. I have been a contractor myself and speak from the card. You must estimate on the worst materials in the market and the lowest labor in the market; and the system has become so corrupt that you must estimate on swindling in some manner by collusion with the inspector or by cheating the man you furnish the work to. For instance, this great Bergen tunnel through New Jersey: as a practical mechanic, I know that parts of that tunnel are but a shell; that twenty or thirty

yards of that tunnel, where it ought to be filled in and made solid, has been left unfilled and a shell built up by the time the inspector came around. Some of these days there will be an accident in that tunnel, and it will be considered inevitable. That Hackensack bridge, that goes across the marsh, has been filled in with all sorts of loose stuff. Lots of materials have been dumped into the piers without any cement. One of these days the piers will give way and we will have an accident there, as it will be called. So it is in building a house; I myself have worked on houses where they took up bricks by the armful and dropped them in the wall without a bit of mortar.

Q. Would you by Congressional legislation attempt to regulate the private business of corporations?—A. No, sir; not at present. We don't expect to accomplish those reforms for a generation, but the government has the power and authority to regulate its own work by the day system on public work, and the example of the government will go a great way to establish the system on private work.

Another reason we are opposed to the contract system is this: The contractor must estimate on the lowest labor in this market and in the foreign market, and he employs the lowest labor to be found—Chinese and Italians—and the American cannot compete with these people, and under the contract system he is driven out of employment. In the city of New York there are but 17 per cent. of the workingmen employed—driven out of employment by cheap labor competition—and I don't consider it a wise system of this government to drive out its own people and bring in other people. The Pacific road was built by importing Chinese labor. Before building that road the people in California were all prosperous, and the people in Colorado were prosperous. To-day they are in a worse condition than the East. We believe in a protective tariff. I do not consider it right to export our raw material to foreign countries to be manufactured and import labor or manufactured goods in its place. We don't consider it a wise system to export $300,000,000 of raw materials and import $600,000,000 of manufactured goods. We produce an abundance of raw material, and have enough food in this country to feed our people, and we don't consider it a wise system to import manufactured materials and leave our people to starve; and we lose by the exchange of money, and by the injury we do our people, and we think the legislature should pass laws forbidding the exportation of raw materials and the importation of manufactured goods that we could manufacture ourselves. That is all I would suggest as to the remedies.

Q. How would you provide for the revenues of the government?—A. If we employ our own people, the people can afford to pay taxes to the government, as we did during the war. During the war, owing to the operations of the Alabama, we were a self-producing people.

Q. What mode of taxation would you suggest?—A. We consider the only honest system of taxation a direct taxation on every person according to the wealth he possesses.

Q. An income tax?—A. Yes, sir; we think the wealthy man, who enjoys the protection of this country and its laws, should pay for that protection in the ratio according to the protection he receives. If the government benefits a man to accumulate a million dollars, he should be willing to pay for it. If a man is a poor man, he should pay a direct income tax according to the amount he receives. I would like to impress upon the members of this committee the belief I have, from studying this question—and I have studied it for years—that unless something is done this winter we cannot pass through this year without trouble. I am a member of all the trade organizations, open and secret, and I know the condition of those people, and I would ask the members of Congress to impress upon the minds of their fellow Congressmen the necessity of passing measures to employ the people and give them an opportunity to earn their living. The men are willing to wait for these and other reforms, if you give them a chance to earn a living for their families; and I know, from studying the matter, that, unless something is done to employ the people, this winter cannot pass without a continuance of the labor riots of last summer.

By Mr. RICE:

Q. In view of what you have said, I should like to ask you two or three questions. You believe in a protective tariff, and you also believe in a duty upon exports, that is, in preventing our raw material from being exported—you believe in imposing a duty on imports and a duty on exports?—A. Yes, sir.

Q. So that the industries of our own country may be built up and made to do all the work that is to be done here?—A. Yes, sir.

Q. You believe in a bureau of industry. Now, has not the government attempted to do the work which you desire a bureau of industry should do by various bureaus, such as the Bureau of Agriculture and the bureau of the Department of the Interior, which is collecting statistics about as fast as it can. It is in that line that you desire to have the investigation made, I suppose?—A. Yes, sir; but we would want to have a bureau established with power to recommend measures of relief.

Q. You want that systematized and made more thorough than it is?—A. It ought to

be unified and collected together. We have those different departments and commissioners.

Q. Speaking of the farmers, for instance, you know there are already officers of the government who are engaged in collecting these statistics and in making their reports?—A. Potato-bug commissioners.

Q. Yes; that is what you want, is it not?—A. Yes, sir. Speaking of our present potato-bug commissioners, I was in Leavenworth City, Kans., when the first grasshopper reached there. They covered a space of less than a quarter of a mile. If there had been a systematized bureau of industry, of agriculture, those grasshoppers could have been destroyed with an expenditure of $10,000.

Q. Ought not the State governments to do that rather than the Federal Government, with a general supervision on the part of the Federal Government?—A. It would be more complex to attempt to establish a system of that kind by States, and they would conflict with each other. We are concentrating everything in the hands of the general government. The working classes are not opposed to the centralization of power in the hands of their own servants at Washington.

Q. You believe in a strong central government?—A. We believe in a strong centralized government.

Q. Which should oversee all these general matters of progress and reform, and should establish a thorough and efficient system of internal improvement, as I understand?—A. Yes, sir.

Q. They should be carried on by the general government?—A. Yes, sir.

Q. How about a Navy?—A. If we had our way with the Navy, we would build 100 or 200 vessels and put them to useful employment; make them cruisers, suitable for war in war, and, in peace, to be put to use in commerce. We would put our sailors to work, and put the soldiers out on the prairies to make homes for themselves.

Q. You favor a liberal expenditure for those purposes?—A. We believe it is wiser and better to invest capital in labor, and the sooner we do it the better. We cannot be too liberal when we employ it in useful industry.

Q. You say you would have the government build the Texas Pacific Railroad?—A. That would be enough for this year.

Q. You would have it build railroads wherever they are needed?—A. Yes, sir; I think the government should build its railroads for the people.

Q. Suppose you should find that some other road was needed more than the Texas Pacific Railroad, what then?—A. I only cite that as an instance.

Q. All these roads that run from one point of the country to a distant point you would have the government supervise them. How would you have the government build them—build them directly by its own employés, or through contractors?—A. Directly through its own employés, and pay cash for the roads it builds.

Q. What do you think has been the result of experience heretofore in having the government build those works itself?—A. They have been good when the government has done it, and not given it to agents. The Erie Canal is an instance, and during the war the Government employed two millions of men and built railroads and forts and dug canals. Some of them were failures. The government can carry on any enterprise, if it attempts to do it, vastly better than private individuals can. Take this building, for instance, the fire department of the city, and the police department, and all the other departments that benefit the rich—they are always done by the government. We ask the government, that watches over its moneyed classes and gives them government money for their gain, that it shall do the same for the working classes. If it is good for the rich men, it ought to be good for us.

Q. I want your opinion as to whether the building of railroads and other improvements could be done to better advantage by the government directly rather than by corporations or parties employed by the government, and perhaps aided by the government to build them? Does not the government get cheated more in its day's work than individuals who are looking after their own workingmen do?—A. No, sir; I don't think it does.

Q. You think the government, with a thousand men to work for it, would get as much work from them as a contractor with the same number of workmen?—A. Yes, sir; if the government likes to have that work honestly conducted and employs competent workmen, it can have the pick of the brains and labor of this country. It can carry that work on just as well as any contractor, and it has no middlemen's profits to pay.

Q. Is there any danger that politicians would get into control of those works?—A. There is no reason they should, any more than they should get control of the post-office.

Q. But they do get control of it a good deal?—A. That is for you, gentlemen, to remedy at Washington.

Q. But suppose we cannot, you have got to help us.—A. We are willing to help you, and you can if you wish to. You can get a man to do his duty as a public officer by fine and imprisonment, if necessary, and the government should see that this work is

done. Take the Commissary Department of the United States. It will be admitted that that is more honestly conducted than any private enterprise in these United States.

Q. Suppose that there were a railroad to be built—a Pacific railroad—and suppose that a corporation were organized to build that road, and desired aid from the government, and the government were able to take such supervisory measures as to insure honesty on the part of that corporation in its dealings with the government; take that as one case. Now, take the railroad on the other hand, and let the government undertake to build it itself directly, and have its agents who would employ the men to build it, and who would go forward and do the work directly for the government. On the one hand, there is the corporation honestly watched and forced to do what is right and honest, and, on the other hand, there is the government building the road itself by its own employés. And then, of course, after being built, on the one hand the corporation would run the road and pay back the government what it had borrowed; while on the other hand, the government would run the road by its employés, under such rules and regulations as it might establish. Which road do you think would be the most profitable in the end?—A. The government road, for it would have no money to pay to the contractor to support him. The contractor would have to get a living out of it, and that would be saved by the government getting all the profit itself. I want to make a point before you, and that is, we are antagonistic to politicians controlling the public work and putting on bolters and saloon-keepers, such as in this city. We want the government to employ honest men, and put no one on its work except competent mechanics and laborers. It is as great an injury to us for politicians to do public work and put on hangers-on, to further their views, as it is for the contractor to do it. The government should carry on its own work and employ competent men, and, if that is done, the government will get all the benefit of their services at cost, and there will be no profits left for politicians or middlemen.

Q. It would be hard to get that done?—A. Make the attempt. It would take years to work it out.

Q. Now, in regard to the suffering which is caused, of course, by lack of employment for the working classes, you have given us some of your views in regard to the causes of that lack of employment. How are you going to get work for those unemployed laborers in the places where they now live? Have you any plan for that?—A. The system of public improvement would relieve industry of all kinds. If we have a rising market, we have a rising currency. I think you will admit, if there is an inflation of currency, there is a rise in prices, and *vice versa*. If the government would set the example and employ a certain number of people on public works, the speculators and business men would foresee that there would be an increase of demand to supply the wants of these people—an increase of prices—and they would invest in business and give employment to people.

Q. That is what has been going on during the last six or seven years?—A. The Herald don't say so.

Q. But you say the Herald don't always tell the truth?—A. It does in its news columns, but it does not in its editorial columns.

Q. Take from 1865 to 1873—there was an inflation then of prices?—A. Yes, sir; a great inflation.

Q. Was there not an activity in business occasioned?—A. Yes, sir.

Q. Great activity in business?—A. Yes, sir.

Q. Greater than this country ever knew before?—A. Yes, sir.

Q. And then it was succeeded by depression greater than was ever known before?—A. Yes, sir.

Q. If this inflation is going to cure everything, why didn't it cure it before? Why is it that it is succeeded by this terrible depression that brings us here to-day?—A. It did cure it. In 1861 the people of New York City were in about the same position they are to-day. Men were working for fifty cents a day, and could not obtain work.

Q. As great as to-day?—A. Nearly as great as to-day.

Q. Was not the country rather getting out of the depression of 1857?—A. Yes, sir; we were setting up new banks and inflating the currency. A great many men went into the Army because they could not get their living in any other way, and in 1865 and 1866 we were paid off, and we came home, and we all spent our money. That gave a great impetus to business.

Q. That was the excitement which came from the inflation?—A. Yes, sir. We have an interest system and pay for the use of money from seven to ten per cent. We produce only from two to three per cent., according to statistics, and the result is that in every ten years or less we have an inflation panic, the interest eats up the principal, and the business men are bankrupt. That is outside of our money system.

Q. Then if we should have another term of inflation, it would be succeeded by another period of prosperity?—A. We would have ten years of prosperity, to be succeeded by a panic.

Q. You want to inflate us out of this depression into another one by and by?—A.

Yes; I want ten years of prosperity, and by the time a period of depression comes around we will not care about it.

Q. Suppose we could get from a qualified period of inflation into a moderate kind of business prosperity, should we have as great a depression afterwards, or should we be as liable to have any depression, do you think?—A. Any man and any country that borrows money and pays for it more than he or the country can produce will be bankrupt in a certain number of years, and I don't see how it would be better for us to starve for seven or eight years to prevent a panic than if we were to feed well for eight or ten years and then have a panic.

Q. Suppose we had the interests of the country protected by keeping the raw material at home and making the fabrics here, and supposing the land should be cultivated and people should keep at work, then there would not be any inflation of property by an additional use of money?—A. How are you going to employ your people without paying them in some money? There is an inflation.

Q. Don't you suppose there is as much currency now in the country as there was before the war?—A. Yes, sir; and more.

Q. A good deal more?—A. Not a great deal more, no, sir; pretty near the same.

Q. Is there any limit to the amount of money that there may be under existing legislation?—A. No, sir; if you had bonds to deposit for it you can get two thousand million.

Q. You spoke of the banking system. Is there any limit to the amount of national bank currency we can have now?—A. No; we can issue bonds to any extent.

Q. If you had bonds or the wherewithal to get bonds, you or I might buy the bonds and deposit them, and be chartered as a bank and go forward and issue currency as well as any one else, might we not?—A. We might do all that.

Q. If you or I could see any way to use our money by working a bank and issuing the currency of that bank, we could do it and we would be apt to do it, would we not?—A. That is the point I want to bring to your attention.

Q. I want to bring it to your attention; should we not do that?—A. We will not lend money to a man on a falling market.

Q. You are speaking about wanting money; you and I can establish a bank and lend money if we could only see an object to use our money in that way?—A. Yes, sir.

Q. If business demanded it, there would be no reason why new banks would not grow up?—A. None at all.

Q. And more money be used under the existing state of things?—A. They could set up banks in every corner.

Q. So that it is business that is wanted and not money?—A. We differ on that question of money; we will fight that question out on the stump this year. It is business that is wanted; it is the repeal of interest that is wanted.

Q. Now, you have got a house?—A. No, I haven't; I build houses for others.

Q. Well, if you had a house, its value is a certain sum in gold, or in that which is regarded as the staple currency. Supposing there is money, the price of that house goes up?—A. Yes, sir.

Q. Does its real value go up?—A. No, sir.

Q. So that the real value remains the same?—A. Yes, sir.

Q. Values are not increased by more money?—A. It is a broad question that, yes, and no. They are not really increased; a house is a house, no matter what amount of money is in the country, and shelters a man, but values do increase, because if you would give to people additional means for getting money, that would increase the demand, and the increase of that demand, through the purchasing price, would increase the value of that article.

Q. If there was more business and more money, everything would be worth more, because there would be a greater demand for it?—A. Yes, sir.

Q. The question is to get business going so that this demand will come, but there would be no additional value from the fact that money increased. Suppose that you had a house before the inflation of currency, and you lived there; you owned your house clear when you went into the inflation; you came out and you have the house still, you have nothing else and didn't have anything else before; it don't matter what that house is worth in dollars; you are worth as much at the end as you would be at the beginning?—A. Supposing I answer the question by saying I have a mortgage on the house, and by legislation you double the mortgage.

Q. You could have paid your mortgage easily?—A. During the inflation?

Q. Yes, sir. If it took $2 to buy as much wheat or corn during the inflated season as one dollar did when there was no inflation, $2 would be only worth what $1 was worth when there was no inflation?—A. Yes, sir; but it makes a difference whether the man has that one dollar.

Q. And you could pay the money you borrowed before the inflation, with the $2?—A. I see the point you make; but two wrongs don't make a right. If we wronged people that had debts before the war, it is no reason we should keep the people in their present condition. I admit there was a wrong done then. All I ask you, gentlemen,

is to give our people an opportunity to live a few years, and then those questions can be peaceably settled. If we do not get employment, I am afraid we will not settle them peaceably.

Q. Of course you have studied history somewhat. Do you think, on the whole, society is improved by having the poorer members of it aided, except in just so far as is necessary to keep them from actual extreme suffering? Do you think society would be improved by such governmental aid?—A. Always improved. It is the best government that takes the best care of its people.

Q. You would have everybody understand that if they didn't make a living themselves the government would see to it that they didn't suffer?—A. No. I would have the government give a man an opportunity to make a living for himself, and if he was not able to do it, we have our almshouses.

Q. You believe in that system, do you?—A. I believe a man that is willing to work and cannot get it is bound hand and foot to the capitalist. We ask the government to legislate so that a man that is willing to work can get work.

Q. You want the government to be a capitalist?—A. The government is the great capitalist.

Q. You would not let any one else have any capital?—A. You are reaching over to futurity. I believe in a government system. I believe it would be better for this community to have the government run the railroads than have Vanderbilt do it. It will be only a question of a few years whether Vanderbilt runs them or whether we run them.

By Mr. THOMPSON:

Q. Some of the gentlemen yesterday gave as a reason for the want of employment the introduction of machinery. What are your views on that point?—A. Under our present system we invent machinery, and a capitalist introduces it in his business. A machine will disemploy ten or a hundred men, and they are cast out on the market, and there is no provision for their employment. A girl with a machine can do the work a hundred men used to do, and there is no provision for the employment of those people. So under the present system machinery is an injury to the working classes, but a benefit to the man who owns the machine. We ask that there shall be some legislation towards the re-employment of those people thrown out of work by machinery. The advanced thinkers of our system ask that the government shall own the machines. I don't advocate that. Of course, it would be better to have the government own these machines and use them to better the people than injure them. I think if we had a proper government system and utilized the machines, we could do all that is necessary to be done in two hours a day, and I think it would be better than having ten or twenty men walking the streets idle and hungry. We would not consider it a good policy for a man to employ ten girls with machines and have a hundred men doing nothing. Under our present system we do that. The machine comes in and the man goes out, and there is no way to support him unless some man chooses to employ him. We consider that is wrong, and ask the government to try and remedy it; but it is a broad question that cannot be worked out in a year or two. The homestead bill and the public improvement bill can be passed at the next session of Congress, and the government can give us time to work out those other things, and if we have time the people of the country will decide them with the ballot-box this winter. I have been begging our government for years to adopt measures of relief for our people, and I ask you to give us some relief, so that we won't be compelled to wring it from each other. I am, like every other man in my circumstances under this system, in a living hell. I would take up arms to-morrow to overthrow this system if there was no other remedy; but there is the ballot, and I ask you, gentlemen, to give us work and food, and we will peaceably settle those other questions at the ballot-box.

VIEWS OF MR. OSBORNE WARD.

OSBORNE WARD appeared and made the following statement:

By Mr. THOMPSON:

Question. What association or community do you represent?—Answer. I represent that body of the labor movement known as the Socialistic Labor party of Brooklyn.

Q. Is it the same organization that Mr. Bartholomeé represented yesterday?—A. Yes, sir; all the difference is that Mr. Bartholomee represents that party in New York and I am called the organizer of the city of Brooklyn.

Q. We heard the views of several gentlemen representing that organization yesterday, and we desire to avoid repetition. So if you will confine yourself to the points as briefly and with as little declamation as possible, we will be glad to hear you.—A. To tell you the truth, I would make it so brief that, if it were carrying out my own inclination, I would not be here; but as it is, I was telegraphed last night at midnight to appear here, and I suppose I must do so as a representative of that body, having been elected chairman of that committee last night.

Q. We assume there is widespread want of labor, and, to some extent probably, a very large number of people suffering. I want your views as to what has produced this suffering, and then your suggestions as to what may remedy it.—A. Well, I can make that exceedingly brief. The system of political economy upon which all people live, and ever have from the beginning, as we know, of the historic period has been that of competition. It has produced all our wrong. We never have been able to solve the social problem on the principle of competition; therefore we would solve the problem of social equality in co-operation, or, as some people say, communism. The ideas which have been put forth by my friend Carsey approach very nearly to our ideas in many respects. They don't approach our ideas at all in relation to inflation, but in relation to the changes regarding the government employment of the people we would be with him were it not for the fact that he does not accept, nor does his party, the Greenback party, accept the change or the departure from competition to co-operation. As a labor party we consider, as do the Christians, that absolute conversion is necessary, and, after conversion from work, organized concentration of force and the building-up of the political party. In order to do this, therefore, to change from a competitive basis into the co-operative business, we must recognize an immense change and absolute introversion of things, and we don't want to have anything to do with parties who will not accept our views. The proposition is clear, and we wish every one to understand that proposition.

Q. There is a rivalry between your organizations?—A. Yes, sir.

Q. Will you state what has produced, in your judgment, this widespread diminishing and want of employment and consequent suffering?—A. What has produced that is the intelligence and the bone and sinew of the laboring classes themselves. They have invented, produced, and reduplicated machinery to such an extent as has been already explained to you, that where ten men were formerly employed but one man is now employed. The machine, I am sorry to say—because it makes me ashamed of the ignorance of the laboring classes whom we represent—has been given over into the hands of the individual on the competitive system, who operates that machine in his own individual interest or the interest of a corporation, excluding the majority of nine out of the ten who are not employed in the operation of that machine from any participation in its products. The result is naturally that the money, or a large percentage of the money, which used to be paid as wages to the ten men before the introduction of the innovation, is now gobbled up by the individual who controls it, in the form of profit, and the rich grow richer and the poor grow poorer. That is the cause, or one great cause, of the difficulty before us to-day.

By Mr. RICE:

Q. Do you think the poor are poorer now than they were fifty years ago, as a class?—A. Yes, sir. If you will put it 500 years ago, I should say not.

Q. The poor are poorer?—A. Yes, sir.

Q. In England and in this country?—A. In the United States; I don't represent the party in England.

Q. According to your information?—A. In England I think the thing goes on a little worse than it was fifty years ago, because industries are larger there now than they were.

Q. You think things are a little worse than they were fifty years ago?—A. Yes, sir; in England.

Q. You think the poor are poorer than they were fifty years ago?—A. Yes, sir.

Q. Poorer in this country?—A. Yes, sir.

Q. Before the increased production caused by machinery the poor were better off in this country than they are now?—A. The poor were better off at that time than they are at this time.

Q. They had more property?—A. Yes, sir. If you speak of the extreme poor, they had no property then.

Q. They had more to eat, drink, and wear then than they have now?—A. Yes, sir.

Q. More pairs of shoes in a year, more clothes and more food, and better, fifty years ago than now?—A. You must give me an opportunity to look into that. You say more pairs of shoes. I cannot say that they did, but I say that the necessities of this progressing age requires a better pair of shoes than they had then.

Q. Don't they have better pairs of shoes now?—A. They had when they put them on, but they are out at the toes.

Q. They wear out a little sooner?—A. Yes, sir; they are out at the toes now.

Q. On the whole their necessities have increased, have they not?—A. Yes, sir.

Q. Are not those necessities better met than they were fifty years ago?—A. No, sir; they are not.

Q. Don't they have more, on the whole?—A. They do, on the whole.

Q. Don't they live better, and in better houses, and have better means of support, than they did at that time, on the whole?—A. They do, on the whole; but now there

are forty millions of people, and fifty years ago there were only about half that much, so that they do in reality, on the whole. The trouble is in the repartition of these improvements.

By Mr. THOMPSON:

Q. You mean, in short, that the condition of the working classes has been improved in reality, but that relatively it is worse than it was years ago?—A. Relatively it is; there is a larger number of population.

Q. The gulf is wider—the world has progressed since the introduction of machinery?—Yes, sir.

Q. And progressed pretty rapidly?—A. Yes, sir.

Q. And on the whole you think too rapidly?—A. O, not at all, sir, if we could have arrangements such that we could enjoy our machines.

Q. If we could have everything divided?—A. Everything divided; that is the word.

Q. According to the principle of co-operation?—A. Yes, sir.

Q. If you could have the gross profits divided and cut up it would be all right; you would not find fault with production then?—A. No, sir.

Q. Do you think there would be as much production and progress were it not for competition?—A. Undoubtedly, sir.

Q. You don't regard competition as a stimulus to exertion?—A. Competition belongs properly to the intellect, and as far as it belongs properly to the intellect its reward is social honor, but when it is turned——

Q. Let us not take any theoretical view.—A. Then, practically, when competition is turned into an antagonism requiring neighbor to war against neighbor, as actually exists in the competitive plan throughout society to-day, it is a curse.

Q. Is not the desire to excel the great stimulus, practically?—A. Practically, the desire is to excel; or naturally it belongs to the mind.

Q. Is it not the most powerful stimulus that there is?—A. If you accept the competitive basis it is, but if you accept the co-operative basis it is not.

Q. Under the competitive system you say it has been the most powerful stimulus?—A. It has been.

Q. You would have that done away with?—A. Yes, sir; we would introduce the co-operative system.

Q. You would have every one as well off as his neighbor, and no better?—A. In every respect.

Q. You would have him working for the good of society rather than for the good of himself and family?—A. Himself and family are parts of society.

Q. And you would not have him seeking to get his family better off a little than the rest of the families?—A. No, because theoretically in that respect you could only establish competitions.

Q. How would you do where one man would be able to render service worth $10 when another man of the same society could only perform work to the value of $5?—A. If the gentleman would study the plan of existing co-operative societies he would soon find there is no pecuniary emolument which comes to such individual labor.

Q. You must have some standard by which to regulate the quantum of work done, would you not?—A. No, sir. If the gentleman wishes to find an example of good co-operation, let him go among the Shakers; let him go among the communities. There are many communities in this State. Thousands of people are actually working on that same system, where they have abjured absolutely the competitive system and do not obtain any pecuniary reward whatever. The only rewards they have and enjoy are the ones intellect awards.

Q. They get on?—A. Yes, sir; their success is perfect.

Q. Why don't you form such an association?—A. I am doing it. I have been at work for twelve years on that very plan. I would make the United States that association, and I would make the government the nucleus of it.

Q. Supposing there are a great majority of people that don't want it now, would it not be best for you to go into a small one and show an example?—A. No, sir.

Q. Supposing I don't want to go into one and you do, how will you get me in?—A. Then we will convince you by argument and make you a Christian, and then you will.

Q. Supposing I am so bad that you cannot do that, then what would you do?—A. We would encounter such minds, but we expect to so far christianize them that we shall get a majority, and then we will bring you in any how.

Q. It has been going on for eighteen hundred years, and I have not got to that point yet. Now, suppose you cannot get me so. Is it not better for you to have your co-operative system out of those that think as you do, and go into it and get the benefit of it, and let me stay outside and get the evils of staying outside? Is that not the best way to do?—A. That is a direct question, and it is necessary for me to answer it, and my method of answering it will be the same way in which I answer those greenbackers, and that is, until they become converted from competitive society into co-operative society, we cannot admit them into our party; but when that comes, and in relation

or in proportion as that comes, do we build up the political party, which is called the Socialistic Labor Party. We already number several hundred thousands.

Q. If you had your theory in practical operation, would you have all the people in the United States belong to that association and be a part of it?—A. Yes, sir.

Q. All governed by the same rule?—A. Yes, sir.

Q. And exactly equal?—A. Exactly equal.

Q. Dress alike?—A. No; that would be infringing on individual liberty.

Q. Where would the justice come in if you should allow one man to wear clothes like my colleague does and another like what I wear?—A. We don't propose to curtail our people at all.

Q. How could a man gratify his taste in that direction?—A. The voice of the people will always provide for diversities, for so-called varieties.

Q. Would you not, as an officer, answer him that that is an extravagance that you cannot tolerate, and that it is opposed to your system of equality?—A. It is no extravagance.

Q. Yes, it is.—A. What is the opinion of a body-politic is the opinion of each individual—of the majority of individuals.

Q. Suppose my colleague belonged to an association, and he wanted to take a journey to the seaside or out to the mountains to have a pleasure trip, how would he provide for the expenses?—A. He would be provided for.

Q. O, no.—A. O, yes.

Q. You would soon get rid of your community.—A. Liberty is a part and parcel of citizenship, and citizenship is that which people want on the co-operative basis.

Q. Would you place no restraint whatever on the individual rights of parties to the gratification of their desires?—A. Not within the code of the socialistic ethics.

Q. What would be your socialistic limit?—A. It would be the united voice of the people from year to year—the public opinion.

Q. Then one year they might choose to let a man have a little more than the next?—A. No; on the contrary the next year they would have more people than they had then, and *vice versa*.

Q. How would you provide for them?—A. They would provide for themselves.

Q. How would you regulate churches?—A. We would make them pay taxes.

Q. Who would pay the preachers?—A. Our party is our religion, and the government is our chief judge.

Q. What particular denominations would you introduce?—A. Our own; it is in reality original Christianity.

Q. So I understand; but what particular branch of the Christian church would you adopt?—A. The communistic one.

Q. And you would enforce that on all others?—A. We would not enforce it on any one.

Q. If you adopted the communistic doctrine, and by a vote of the association you would fix the rule as to churches, schools, dress, food, labor, &c., might you not buck against a man's conscience occasionally?—A. Not in regard to little things like dress, food, &c.; there would in all probability be an enlargement of variety.

Q. The question of conscience, faith, and churches?—A. We have done the same wherever the co-operative idea has entered into practical ethics.

Q. One of your members would probably believe in immersion, and another would not believe in it, and another would believe in this form and another in that, but you would recognize one system, and only one. Now, what would your system be?—A. We would have no such system. We would not have so-called religion in our party whatever.

Q. You said that your party was the Christian religion?—A. Originally.

Q. In what form would you express that Christian sentiment?—A. We would express it in the form which would make it the most practically co-operative possible.

Q. You would allow the majority to fix the form or the special denomination of the church?—A. Yes, sir; we do not have any church, understand. It is not a religious association; it is a body-politic—a political party.

By Mr. RICE:

Q. You mean any man should think religiously as he saw fit?—A. Yes, sir; all religion tolerated.

Q. If he saw fit to entertain the Catholic faith or Presbyterian, you would not control him?—A. Not at all.

Q. But supposing a man wanted to go to Newport, we will say, at whose expense would he go?—A. If he wishes to go to the seashore or to Newport, he has an opportunity to do so, as he has perfect freedom.

Q. That is he can go if he has got the means. Where would he get the money to go with?—A. We propose to make a social money that should be given to him for his labor.

Q. That is, there would be money, only it would be a different form from what it

now is?—A. It would be pretty near such money as the greenback party desire at the present time.

Q. Would each man get it according as he earned it?—A. He would.

Q. So that if one man earned $2 and another man only earned $1, one man would get his $2 and the other man $1?—A. Yes, sir.

Q. So that in process of time he would accumulate more than the other man?—A. He would, until we got the plan so leveled down in the course of time that there would be equality.

Q. In your system, as you now propose it, would not the man that got the $2 of your socialistic money accumulate more if he only spent as much as the man who only got his dollar?—A. Yes, sir.

Q. Then you would have capitalists?—A. We would, until we got the thing worked down to a state of perfection, and then we would not.

Q. When you got it to a state of perfection, what would there be to live for any longer?—A. Then we would have something to live for. As long as society rests upon the competitive basis, you cannot expect anything but injustice.

By Mr. THOMPSON:

Q. What is your business?—A. I am a teacher at present. I was a machinist until I was not wanted any longer as such.

Q. Is there any thing else you wish to say?—A. Yes, sir; I would like to state one thing, and that is in regard to the money question. The idea of a social money may be said to be the socialistic party's idea of a social money, but so long as the greenback party does not absorb itself into and become a part of us upon the co-operative idea, then, of course, we cannot accept them into our party, but it is rapidly coming about, as we see by what our friend Carsey has said.

VIEWS OF MR. GEORGE W. MADDOX.

Mr. GEORGE W. MADDOX appeared and made the following statement:

Mr. PRESIDENT: I appear as one of the delegation from the Congress of Humanity. My colleagues here are Mrs. S. Myra Hall, Colonel Bennett, and Professor House.

"We would respectfully state that it is a principle in civil government to make provision for all its people, either laborers, paupers, or criminals. In an efficient and economic government, whether city, State, or national, the factor of the utilization of the physical, mental, and moral force of its people is, of all others, the most important and first to be adjusted in harmony with the interest of each and all.

"Under our competitive individual system of industry, we have, as a people, come to want and poverty, and the government are obliged to provide for the enforced idlers or paupers or criminals; therefore it follows that our system of government polity is at fault, and thus the demand is made upon every statesman and philosopher to present for adoption a better, more just, and economic system.

"We need not quote facts and figures to your honorable body to show that our individual competitive method of industry has filled the country with paupers, beggars, tramps, and criminals, and is already breaking out in brigandism, until there is more danger of anarchy arising from these idle persons than from corrupt politicians and partisan demagogues, and that we cannot neglect with impunity the duty we owe to the people to make provision for the useful employment of this increasing idle class, when we know that such neglect imposes upon the government the necessity of providing for them either as paupers or criminals, and most likely as both.

"To provide for them as paupers is a useless expense without moral or material return, and degrading to the recipient. To provide for them as criminals is still more expensive to good government and public morals; but to furnish them employment in useful industry will save them from pauperism and crime and add wealth to the aggregate. Charity is temporary and will have to be gone over and over in constantly increasing munificence, because where persons find themselves under the necessity of subsisting on charity and are thus openly degraded, they lose faith and ambition in themselves, and finally come to depend upon this provision for a livelihood. The person naturally turns for relief and safety to the thing nearest to hand; therefore such a system of relief for the poor only increases the demand and aggravates the evil, while useful industry in the production of wealth ennobles both the employer and employed, and brings them into business relations upon terms of individual independence and equality. The charity method makes the relation of pauper and protector, or slave and master. Idleness provokes crime. The old proverb which says, 'the devil always finds some mischief for idle hands to do' is verified at every turn, and once a person is in enforced idleness and living on charity he is easily persuaded to take by stealth or force what, if able to obtain by honest labor, he would never be tempted to take; and once in the channel of lawlessness it is very doubtful whether he will ever change his life to useful industry even if an opportunity is presented; therefore idleness paves the way to crime

and degradation which the government must correct and remedy in order to protect the good and law-abiding citizens.

"Both charity and the correction of crimes are most expensive systems of governmental economies, and our purpose in addressing your honorable body is to set forth another system, which, if adopted, will be less expensive and greatly productive to the peace, morals, and wealth of both country and individual. Therefore, we respectfully suggest that great works of industrial public improvements, such as canals, railroads, widening and deepening rivers, &c., &c., for better communication between East and West, North and South, and for the cheaper transportation of the products of the country from one section to another, be at once commenced and rapidly completed and then run in the interest of the United States. All great lines of railroads from the Atlantic to the Pacific should be built and operated by the government by direct employment of the necessary workmen, artisans, engineers, &c., and never by contract, which latter method of doing public work has largely enriched the contractor at the expense and often the ruin of the actual workingman. These works should be run at such a charge as will cover expenses and leave a margin of profit to finally cancel the money or credit advanced for their construction, which money should then be destroyed.

"Also, we would suggest that at least 100,000 families in the large cities be organized into colonies and planted by the United States Government on the public lands, the United States issuing sufficient money to locate these colonies and place them in a self-sustaining condition, and take such lien upon the improvements of each of the colonists as that in a term of years all that was expended upon them could be paid back to the government, leaving the colonist free from debt and the government reimbursed, when this class of money could be destroyed.

"Also, the United States should issue to such States, cities, and towns as desire to employ idle persons in useful industry all the money necessary for such purpose, which money should be a full legal tender, and take such a lien on the profits of such industry, holding the town, city, or State responsible, as will in a term of years cancel such indebtedness, when this money could be destroyed. All moneys thus advanced should bear no interest, because it is only the credit of the United States that is advanced, and the waste or destruction by wear and loss in usage will cover the expense or cost of issuance, and when it is paid into the Treasury of the United States by the debts, State, city, or town, the United States will have suffered no loss; therefore it can justly be destroyed, having filled its purpose in creating wealth for such town, city, and State.

"We would respectfully call your attention to the following examples where governments have profitably employed labor, diminishing idleness, creating wealth, and benefiting both the labor and the State:

"*Examples.*—See Jonathan Duncan's Pamphlet on Bank Charters; The Swedish Colony in the State of Maine; The System of Immigration in the Argentine Republic; Count Rumford's Method of Employing Vagrants in Munich, Bavaria. See Jared Sparks's biography of the count. The resolutions of the legislature of the State of Pennsylvania in 1836 for the employment of idle persons; the assistance of the Canadian government given to settlers upon the public lands; and also the assistance by the government in the settlement of the early colonists in New England, all of which is respectfully submitted by the Congress of Humanity."

I will simply state those; and if you would like to know what the other examples are I will also explain them. The island of Guernsey, as you know, was owned originally by the French, I think, and pending its transfer to the English there was a sort of interregnum when it had its own government. The burghers came to the governor of the island and stated they wanted means to build a market. The governor said: "Have you the site upon which to build it?" "Yes." "The materials?" "Yes." "The laborers?" "Yes; we have everything except the money." Said he: "I will furnish you all the money you want;" and thenceforth he issued a class of paper money which he called money which was good for everything due the government—good for taxes, good for licenses, and everything that was due the government—the necessary amount to build that market. With that money they built the market; and in a period I think of ten years, more or less, the market earned that amount of money, and it was paid into the treasury and the market was public property. The governor then called the burghers together, took that money out on the public plaza and burned it, and they got a market for nothing—only the credit of the island.

By Mr. THOMPSON:

Q. Who paid for that market?—A. It was built on the credit of the whole people.
Q. Who paid for it?—A. The people paid for it.
Q. That is, the government paid for it?—A. Yes; the people.
Q. The government?—A. The government.
Q. The government took the money back in payment for taxes, you say?—A. Yes, sir.
Q. Into the treasury?—A. Yes, sir.

Q. And then burned it up?—A. Yes, sir.

Q. So that the government lost just so much money?—A. Not a bit of it; it had the market.

Q. It lost so much money?—A. No, it didn't. The money had filled its purpose; it was only credit.

Q. It took it for taxes, didn't it?—A. It did; it took its own credit.

Q. Suppose it had not taken that money, it would have taken gold or silver for taxes?—A. Yes, sir.

Q. Suppose that that was worth something?—A. Yes, sir.

Q. Supposing it had burned up the gold and silver?—A. Inasmuch as gold and silver is merchandise, it would have been so much property destroyed if it was burned up. But this money was not merchandise; it was only the evidence of credit.

Q. Was it anything?—A. It was the evidence of credit—the same as if I took your check; your check is not money, and yet it is money.

By Mr. RICE:

Q. Suppose the market cost a million of dollars; and suppose the government had required its taxes to be paid in gold, and then took a million of dollars in gold and paid for the market, it would have cost a million of dollars to the government, would it not?—A. Yes, sir. I simply state a fact, that there was money issued which was nothing but credit, and when the credit had filled its mission it could be destroyed. I don't propose to build a market or railroad on gold when we have not got it. All I want is the fifteen thousand millions of dollars in this country to start up all the industries, and we, the people, own every dollar that is in this country absolutely.

By Mr. THOMPSON:

Q. Why did the governor of that island burn that particular money? Why not destroy an equal amount of the general currency?—A. It would have done as well if an equal amount of the general currency had been paper like this. I don't say if I had been governor that I would have destroyed it; perhaps it was not any more money than was necessary to do business with; perhaps it was a mistake to destroy it; I don't know but it was; but I only say that with that credit the people built that market.

Q. Did the people of that island pay into the general coffers of the nation the taxes of that island?—A. I said that during this time the island was in a sort of outside government.

Q. Did the citizens pay any taxes to the general government, or was it their own local taxes alone that they paid?—A. That I don't know.

Q. If it had been a general tax on the people of the whole country, didn't the people in the other parts of the country, hundreds of miles away, assist to build that market?—A. Certainly; but that was only a small island.

Q. Why should the people of Pennsylvania build a market-house in New York in the mode you describe?—A. I don't propose to do anything of the kind.

Q. That would be the effect of it?—A. No; don't misconstrue me.

By Mr. BOYD:

Q. If your doctrine is correct there would not be anything wrong in the general government building a market-house here?—A. No; I have said in this paper here—I will call your attention to it—that the United States should issue, to the city of New York, for instance, all the money that is necessary to employ the idle people here in useful industry. The first question is: Are there any idle people? Having settled that, now what do we want to build up here as an industry? Now I will tell you. We have got twenty-six miles of wharves here. General McClellan says it will cost $10,000,000 a mile to put them up permanently. Why should not the Government of the United States issue to this city $10,000,000 a mile to build those docks, which would all bring in a revenue into the city. When a tenth of the sum that is issued is paid into the treasury of the city it can afford to pay that money over to the United States; and inasmuch as it is a full legal tender, no matter whether it be the money of Pennsylvania or any other State, it makes no difference; and when it is all paid into the Treasury of the United States we could afford to destroy it if we had a plethora of circulating medium.

Q. Do you call that money?—A. I call it credit; and I give the same definition to money that Webster, that Plato, that Aristotle and Demosthenes did.

Q. There is no difference between money and credit?—A. Money is public credit. Gold and silver ain't money until you have stamped it and made it money. It is merchandise all the time. That is the curse of this country, that we take a thing and make money out of it that is merchandise, and it fluctuates in the market according to the value of it.

By Mr. RICE:

Q. Does the price of property fluctuate according to the amount of money?—A. Largely so, owing to speculation.

Q. Supposing there are $800,000,000 of money in this country to-day, and supposing two years from now there are $1,600,000,000 of money in the country, would that difference in amount affect the prices of property?—A. It would under our present system, for money always goes into great centers. That is the mischief of it, and I would prevent that; I would regulate that; I would have the government, from the municipality up to the national government, step in, and where private enterprise fails to keep the wheels of industry in operation the government should step in and keep them going, so that no individual would have an excuse for begging or stealing on the plea that he cannot get work at living wages. Thus, you see, the government would prevent these great monopolies in the hands of individuals; would destroy speculation.

Q. You are wandering from the point. Prices would be affected by the difference in the amount of the currency, you say.—A. Yes, sir, likely.

Q. And is speculation encouraged by a fluctuation of prices?—A. Speculation to-day is and has been in the great centers of money. That is where it is. Now, when those who control the money market—I don't care who they are—call it in it stops speculation, and the result is that everything shrinks, and as they let it out it inflates. As they lend it to A, B, C, and D it inflates values, because every one is going to buy something for cash and sell it for cash. He has borrowed something and thinks he can get something for nothing.

Q. If the government lets it out it will inflate the same as if a capitalist let it out, would it not?—A. No; I beg pardon. What is the government? I am the government; I am the sovereign; you are the sovereign. The people are bigger than Congress, yet Congress to-day is bigger than the people, I acknowledge. They do what they please; but the government should be the people and conserve the people; and if the people make an industry that costs $10,000 or $10,000,000, and it earns 5 per cent. in dividends, it is earned for the whole people and not for a government nor for an individual.

Q. We know all that you have been saying. We want to get information on something else if you will give it to us. Why won't the money that is laid out by the government inflate prices the same as money that is laid out by capitalists?—A. I have made no provision for letting out money on interest.

Q. I don't care whether it is laid out on interest or not.—A. I say money should be put in circulation by producing wealth. I make a provision here that when it has filled its purpose of producing that wealth, and that wealth has earned its dividend to the amount of the cost, the money is destroyed. Where is your inflation?

Q. Supposing there is going to be twice as much money next year as this, will the house we own to-day sell for more than it does now?—A. Under the present system it will; but under my system—that is, the government doing the work—it prohibits it being inflated to that extent that it would be under the competition system.

Q. Supposing the government this year is going to do $100,000,000 worth of work all over the country, and is going to pay for it in the kind of money you speak of, there will be $100,000,000 more currency next year until that is taken in somehow?—A. Yes, sir.

Q. That will affect prices until it is taken in?—A. Yes, sir; individual prices.

Q. Now, when it is taken in it will affect them again. Prices will go down when it is taken in, won't they?—A. Yes, sir.

Q. So that you have got prices up when the money is out, and down when it is taken in and destroyed, have you not?—A. Yes, sir.

Q. Does that promote speculation?—A. Yes, sir. I don't propose that you shall create a system for me. My system is to issue $100,000,000 this year and $100,000,000 next year, and one hundred or one thousand millions a year if necessary to develop the country, and when it has earned the amount by those useful industries, call it in and destroy it. Where is the inflation? You constantly aid your people to work, and you say you cannot have this money unless you go to work.

By Mr. THOMPSON:

Q. But you say you would issue $100,000,000 or $1,000,000,000 a year if the people required it?—A. Yes, sir.

Q. And when it is earned you would call it in and destroy it?—A. Yes, sir.

Q. What do you mean by that—when it is earned, call it in and destroy it?—A. I take the Guernsey market; it earned that money; it was paid in, and it was not further needed.

Q. The government issues a hundred millions of dollars. I earn $1,000 of it, and I get $1,000 from the government, do I? How will the government call in that money from me? I have got it and own it.—A. Exactly; it has gone into your hands, but some one has to pay taxes. That property which was created earned a dividend, didn't it?

Q. You want to call in and destroy my money?—A. You want to know how it is that you are going to have the $1,000 and the government have it too?

Q. No; I have earned $1,000 and have got it in my pocket; you want to call it in

and destroy it. How will you call it in?—A. You have got the money and you want to know how the government is going to get it. Now, that market; just go right back to that; it paid its dividend into the treasury and not to you; it paid some profit into the treasury.

Q. What dividend?—A. It earned something; the stalls were rented out for so much a year.

Q. That is a particular case you put.—A. It is a general case, and illustrates the whole thing.

By Mr. RICE:

Q. You said a few moments ago you would issue a thousand millions of this kind of money, perhaps; did I understand you correctly?—A If necessary.

Q. Now, supposing I have got $1,000 of that thousand millions in my pocket, I have given my labor for it. How am I going to get my consideration for it when the government calls it in?—A. The government only calls it in through taxes and licenses.

Q. There are only about two hundred millions of taxes to be paid in a year. What is going to become of the other eight hundred millions?—A. Suppose we pay 5 per cent. of the whole money advanced in a year into the treasury. It will earn 5 per cent. That is paid into the treasury, and in twenty years the whole would be paid into the treasury. We could take that one-twentieth as it came into the treasury—as that must necessarily come in straight as a string—we could take that one-twentieth and destroy it, and, at the end of twenty years, the last twentieth would come in and we could take that and destroy it without violence to any one.

Q. But you would have no more money in the country than you have now?—A. I said we would keep thus the industries in operation; would be constantly developing the country; and I have said in my paper that, if it be necessary, we would destroy it and, if it was not, I would not. If we needed that money as a circulating medium among private individuals we would use it right over and over. There would be no objection to it at all. It would be a fair legal tender. It would be full money if it was necessary to do that.

Q. Suppose I wanted to go to England and spend my $1,000 there, how much English money do you suppose I would get for it?—A. I think you would get 101 or 102 per cent. I think if our money to-day was a full legal tender for everything, it would be at a premium in the London market.

Q. You think if there were one thousand millions of this money out, and only two hundred millions of it to be called in in a year for taxes, that every dollar of it would be worth par in the markets of the world?—A. Exactly so; provided the people that got it gave an equivalent for it. You never heard of a man running down his own property—his own money.

Q. Why was not the continental currency valuable?—A. Because we agreed to pay it in Spanish mill dollars, and we hadn't got them to pay. We never could have got through that war without that money, and the government should have said, "We will take this money for public and private debts and make it a legal tender;" and such a period of prosperity would have come on this country as we have never experienced I have no doubt of it at all.

By Mr. BOYD:

Q. According to your system you insist that success and speculation follow inflation?—A. Under our competitive monetary system it does.

Q. Would there be any limit to it; could you fix any limit; would not the necessities of this year beget greater necessities next, and would the time ever come when by the consent of the people you could call in the money, as you say, and destroy it?—A. Yes, sir.

Q. When?—A. The people are masters of the situation; they ought to be in this government, but they are not; they are in the hands of a parcel of Shylocks.

Q. You have gone on the basis all the time that this property you have spoken of was productive and paying. Now, as long as it would be the other way, as a great deal of the property in this State is non-productive, what would be the condition of things then?—A. I would make a provision for it. We have our system of individual insurance now. I would lay by out of the earnings of that property a certain amount, and out of the earnings of all the industries a certain amount as an insurance fund; so that when the property was burned up or destroyed by the floods or any means, there would be a fund of money to replace it.

Q. Suppose it was non-productive and not destroyed—suppose it didn't produce any income, what would you do then?—A. Then there would be so much loss to the whole people absolutely. We would be so much poorer.

Q. The creation of that kind of property would not result in any good to any one.—A. Precisely the same as with individuals. Individuals don't build up property expecting it will be non-productive, but frequently, under our present system, it is unproductive; it is a source of taxation instead of income.

Q. When men own that kind of property, could the government afford to take in and destroy these credits, as you term them?—A. We could not make the discrimination; we have got to make as good provision for it as we can. You have supposed a case where we could make no provision; that it became non-productive by machinery or invention; that a new invention has taken the place of this other great invention, and we have thrown our money away. That is so much the public's loss. The whole people lose and not the individual, and the whole people are better able to lose than an individual is. The idea I want to convey is that all governments should conserve the public good all the way through—should look out for everybody instead of somebody. The government now conserves the advantage and interest of a few people, to the great injury of business. I want to change it so that whatever good is in the government should conserve to the good of the whole.

By Mr. RICE:

Q. In your letter, speaking of the effect of charity, you say: "Charity is temporary and will have to be gone over and over in constantly increasing munificence, because where persons find themselves openly degraded they lose faith and ambition in themselves, and finally come to depend upon this provision for a livelihood." I merely want to ask whether the same result would not in the same degree be caused by that which you speak of here as governmental provision for people; whether you have considered that at all? I agree with your statement.—A. I have not the example, because we have not tried what I propose fully. I will give you the nearest example I can, and see whether it excites to indolence and sloth.

Q. Suppose everybody knew that he could get work from the government if he did not get it somewhere else, would that not induce somewhat the same result upon him that would be induced if he knew he could get food from the government if he could not get it from somewhere else? Would it not take away some part of his own independence, of his own determination to earn a living for himself, and thereby have somewhat of the ill effect on him that this provision by charity for him has?—A. I think it would be quite the reverse. For instance, I am a laboring-man—which is not a fact; I wish it was—I am a laboring-man; I know that if I go to Chicago I can get work in the government employ if I cannot anywhere else. It may be that I would not get quite as much in the government employ or I might be held to a stricter *régime* than I would be outside, for I would have this government employ as strict a *régime* as the Army. The body of the people are nothing but machines to be operated upon really. I would go there, and do you think it would make me slothful and indolent to change my locality? Why, it brightens up an individual to change his locality and go around among the people and undergo the different influences.

Q. Suppose the government saw fit to leave you at work in New York instead of Chicago; it would be for the government to say whether it would do so, would it not?—A. If I enter into the government service for one week or for one month or for one year, I fill the bill and must fill it if I am able to. Then when I fill that bill I am a free man; I have got my pay and I can go to Chicago. I am a voter and everything that I ever was and a good deal more.

Q. When you spend the money that you get from that work you have got to go to work somewhere else, have you not?—A. Yes, sir; and he that will not work, neither should he eat.

Q. And supposing you were sure you would get more work from the Government when you would get through with that, you might spend the money?—A. I might spend it for books. The great body of the people, if they were properly treated and lifted up by proper means, not be the ignorant scavengers they are to-day. It is because capital to-day stands on the neck of the great body of the people and has no interest in them, and uses them as so much lumber timber to build up fortunes for themselves. That is the misfortune. You must lift those people up. The great body of the people of New York are fit for nothing except to utilize in building up a better structure.

Q. Who will lift them up?—A. The whole people should, under the system of government *régime*.

Q. Where is the money coming from to lift them up?—A. Make it out of paper.

Q. Who is going to make it?—A. The United States.

Q. Is the United States government to tell people where to go and work, and find work for them?—A. If you don't take care of yourself to-day, the public steps in and takes care of you as a pauper or a criminal. That is the fact about it. We have got either to fill the labor journal or the pauper journal or the criminal journal.

Q. Don't you underrate the intelligence of the laboring people of the country when you describe them, as you did a while ago, as being only fit for scavengers?—A. You didn't let me get through.

Q. Are the laborers of any country as intelligent, as well fed, and as well educated as the laboring people of this country?—A. I don't know; I never was out of this

country but once, and that not a great way. I know it is so that if you wanted fifty thousand soldiers at $14 a month you could get them in this city to shoot anybody, even to shoot themselves. Can you have anything lower than that?

Q. While you have not traveled over sections of other countries, you are an intelligent man and giving your views very much from theory. Do not you know as an historical fact, as a statistical fact, that that is true as I put it to you?—A. Yes, sir.

Q. Then, why do you suggest this ridiculous law or experiment where other governments have not introduced it, and where their people would seem to require it very much more than here?—A. We are a progressing people; we are a city upon a hill; we established the government on a basis of justice one hundred years ago, and attempted to inaugurate it, but made a mistake in the Constitution of the United States.

Q. In what particular?—A. I believe you, honorable gentlemen, are my servants; that is, you are representatives of the people. You are my servants. We clothe you with power to make and execute the laws.

By Mr. BOYD:

Q. What did you say?—A. I said we made a mistake in the Constitution of the United States. You are my servants. We made you; you represent us; but we have clothed the agent, the representative, under the power of the Constitution, with authority to make and execute the law, and we have no redress but to put some one else in your place when your term is out, and if that representative yields to temptations (and temptations are brought there by the thousands—powers are brought to bear there that no one but the Saviour of mankind could withstand) our rights are betrayed.

Q. Then you want to amend your individuals and not the Constitution. It is a new class of men you want, and not a new Constitution?—A. No; we want to amend the Constitution so that neither you, sir, nor the President can make a law. You should only codify the will of the sovereign people into form, and send it back to them for approval or rejection. We should be masters. We want a democratic government and not a bastard republic, as we have got to-day.

Q. Then it is your idea that every law should be only proposed by the law-making powers or the acting powers and submitted for a vote to the people?—A. It might be proposed, or the initiative might come from the people. The Representative sent from his district will know the wants and needs of his people better than any one else, probably.

Q. Yes; he ought to.—A. He would present it and confer with all of them in relation to this proposition. He would codify it into form, and it would go back with all the rest of the laws to the people that are to be affected by it. If it covers the whole nation, then the whole people of the nation should pass upon it.

Q. Our laws can be changed and repealed; they are not like the laws of the Medes and Persians.—A. Not a bit; I know that.

Q. They are changed by the servants and representatives of the people.—A. Yes, sir; they ought to be; they are.

Q. That is the theory, the system, and the law of the government.—A. They are in theory the servants of the people; but it is wonderful—I know of several Representatives (I belong down in Maine) that I have helped to send to Congress that went there poor; they came out comfortably rich, and it could not have come from their salaries.

Q. That is not the fault of the government, is it?—A. No; it is the fault of the damned system.

Q. Of the elective system?—A. No; of the government system, of our *régime*, of our governmental economics. That is what I mean.

Q. Then you think the whole system of this government is wrong?—A. It is wrong in that particular. Slavery controlled the legislation of Congress for forty years. It even controlled the legislation of the free States. And the banks to-day, and the railroads, and the great corporations control the legislation of Congress in their interest. The little finger of Tom Scott is bigger than the whole Congress of the people.

Mr. BOYD. I think you are slandering the Representatives of the people of the country as badly as you did the laboring class a moment ago when you said they had a lack of intelligence. That is all from you, sir. You may stand aside, sir.

Mr. MADDOX. I desire to make a further suggestion: We would further add, for your favorable consideration, that there should be established a bureau of education and labor equal and co-ordinate with the other executive departments, the duties of which shall be to establish and operate industrial schools, at least one in every State, and out of which create and operate the various national industries needed throughout the country, filling up the rank and file, if necessary, in those industries from the body of the people, as we do the Army; and the *régime* of such schools and industries shall be as arbitrarily conducted as is the *régime* of the Army. Thus there might be produced, for the benefit of the whole people, great depots of products in all the great centers of commerce, which would never fluctuate in price and quantity through the speculation, cornering, and control of a few designing men who have no interest in the

public good; also, these depots would be preservers of food in case of famine or any great destruction of our resources.

By Mr. THOMPSON:

Q. Are you engaged in any business; do you represent the laboring class?—A. I have been in the real-estate business in this city, but that has about ruined me. For the last two or three years I have been living on the fag ends.

Q. Not engaged in anything?—A. In nothing which would really produce a livelihood.

VIEWS OF MRS. S. MYRA HALL.

Mrs. S. MYRA HALL next requested to be permitted to address the committee.

By Mr. RICE:

Question. Whom do you represent?—Answer. I represent the organization of which Mr. Maddox is the president—our common humanity. I am not a representative of the United States, but of the Congress of Humanity, the congress of the world.

By Mr. THOMPSON:

Q. That is, you mean your operations are not confined to this country?—A. No, sir. I also represent twenty millions of slaves belonging to this country that have never been admitted to the elective franchise; that is, women. I will say what I am going to say in a few words. There is a law in creation which is absolute in its operation. This law is progress, and therefore all kingdoms of creation are unfolded according to this law.

Mr. THOMPSON. I wish to——

Mrs. HALL. One moment, one moment.

Mr. THOMPSON. What I wish to call your attention to is this fact, that this committee is clothed with power only to examine into and inquire as to the labor question, and not the object you represent.

Mrs. HALL. I understand. My remarks are perfectly relevant if you will only give me time. In one moment I will be at the point. Now you have scattered my thoughts. However, according to this law of progress, which brings unfoldings to this world, some people have communions and can foretell and prophesy what is going to happen. As one who is privileged with the communion of these unfoldings I want to tell you; as I am privileged with such communions I know that this country can never settle these important questions which are now being presented until it gives the franchise to women; that is, in other words, until you enact the principles of justice and equity into your Constitution. We boast of being a republic of freedom and liberty. It is not true in practice; and the next thing in our progress, the next in order, will be giving the franchise to women. It is a crime to the nation, a crime to all intelligent people, not to do so. You can't settle the question of labor for the workmen or of money for the business of the country until this one condition is achieved; that will be by enacting justice and equity into law, into your Constitution, giving the vote to women; that will settle all the other questions at once. This is the stone under the wheel; it blocks up everything else, and will until this is done. It is the duty of me to say these words; it is not optional with me, but the pressure comes upon me to do this, and I should not be true to myself if I did not say these things.

By Mr. RICE:

Q. Your remedy is that the suffrage should be given to women?—A. It is the first step. I will tell you why; if the labor question were settled, or this finance question were settled, both satisfactorily to the people, they would say: "Let this alone; woman is well enough." Many people say so now: "She is well enough, leave her alone, it is all right," and she would never get it; therefore we would keep on generating a miserable life.

By Mr. THOMPSON:

Q. In other words, you think the condition of the country is a favorable one for agitating the woman's rights question?—A. It is the time, the important time.

Q. But do you think that the withholding of the franchise heretofore has produced this state of affairs?—A. I do.

Q. And the remedy you propose is the giving the right you speak of?—A. It is the right thing in the order and progress of this country; if it is not given, I would not hesitate to prophesy a conflict.

Mr. RICE. Well, Mrs. Hall, we will take that as a new suggestion. That is one we have not had as yet. This will be all, thank you.

VIEWS OF MR. J. J. O'DONNELL.

J. J. O'DONNELL was the next person to address the committee.

By Mr. RICE:

Question. Whom do you represent?—Answer. In the first place, my name is J. J. O'Donnell, and in the next place, I represent my sovereign self, a citizen of the

United States, who was sorry to hear the financial heresies found in this city and community to-day. The fact is I may say, in the language of Robert Burns, I am here for my "ain horn." I believe with all workingmen in all countries of the Old World that a man's labor is worth precisely what he can get for it. I furthermore believe that no dunce, botch, or impostor, or societies ought to draw their sustenance from the money earned by these horny hands [displaying his hands]. I furthermore may say that I affiliate not with that heresy. I say that that is a financial heresy that declares that you, I, or a million like you, could state that a piece of paper with no intrinsic value in it can be made as valuable as that which has been the recognized standard of value since the very dawn of civilization. I affiliate not with those men or their societies. I trust you will not class me among those who say I respect the action of the men who marched under the blood-stained flag of the commune. I simply lay down my platform, that you may know who and what I am; and I may say this, that I am one of this class of men who were stigmatized by the pedagogue who came from New Jersey yesterday, who called them I-r-i-s-h-m-e-n, who in Massachusetts were schooled into writing their names in order to vote. In other words, I represent a lot of the citizens of the United States that when you want an army rush to the front; when you want a navy, that do the same; and when you want a Barron or a Sheridan, would give you one. This shows who and what I am.

But as there is supposed to be an antidote for all poisons there ought to be a cure for all distempers. I believe that for the distemper that afflicts the American people at the present time you have it in your power to administer an infallible cure; that is a word in compliment to our greenback friends. A thing that is conceived in vice, developed in villainy and brought to manhood in the same way, cannot have a good end. If I am not mistaken, the greenback heresy, or something akin to it—that says a piece of paper with no intrinsic value ought to be received as a valuable consideration—commenced, I believe, with the usurper and blood-spiller William of Orange, who went to the English and asked them for paper money, saying: "Give me one million and a half pounds with which to crush out the liberties of the people of England and to butcher the people of Glencoe." Since then the paper money has been used every time when it was wanted, or money, or something by which the government would spill the people's blood. Those are facts, and, as Burns says, facts are things that we "dinna dare deny." As I say, there ought to be an antidote for every poison. It was admitted here by the pedagogue from New Jersey that the people a hundred years ago were better off than they are now. Why? Simply because the skilled artisan and the skilled mechanic in England was protected by the English artisans; that is, a botch could not come in to represent a man who served his time at his trade. That was necessary at the time. It is not necessary now. Nevertheless, by a man selling his labor at the highest market, our pedagogue admitted that they were somewhat better then than now. When the Democratic party of the United States held control free trade was the rule, protection was the exception. You are aware of that, gentlemen. But as soon as another party stepped in, then we have a protective tariff. O, yes, by all means we had to have a protective tariff. Well, as we can't come to a final conclusion unless we have an objective point to drive at, I select one and leave you, gentlemen, to select the other; because what applies in this case applies in each and every other one, with no exception to the rule. If our emigrant ships are free to bring free labor from Europe to manufacture European iron, copper or brass, steel, &c., is it not constitutional and logical, and a very law of common sense, that if you introduce these free laborers you should also introduce the machine that the free laborer made three days before he left Manchester or Liverpool? The mechanical parts have been made here—if you like, in Massachusetts, where one of you gentlemen comes from—the works of watches are made there; they are sent to Manchester; the watches are made, and an ample duty is placed on the watches, and the watches are brought over in the same ship the watchmaker sails in. There is something illogical in this institution, and therefore I say in that point we ought to have free trade. I speak as a machinist of somewhere about thirty years' experience. I have seen the birth of the sewing-machine concern; I thought I saw its death on the 6th of last May was a year. I was mistaken. Like a Briareus it stretches out its thousand arms and says, "I still have the same power." Gentlemen, you would be astonished to learn that here in this country there could take place what I am about to tell you. I simply select the sewing-machine, and wish you to fill all the others, as I don't wish to take up your valuable time. Somewhere about the 10th of June, 1846, a bad actor got a patent on that which a machinist made for him; by enterprise he made himself rich. He was known in the world as a bad actor first; he started with a few dollars; when he ended his life he left to his very large family somewhere about $15,000,000 extracted from the working classes of Europe and America, mainly America, made, gentlemen, from the enforcement of a cursed law that should not be recognized in this or any other country that boasts of freedom. I have reference now to the patent law in the wicked instance of extending from year to year that which should never have been given.

By Mr. RICE:

Q. You are opposed to patent laws?—A. Yes, sir; totally opposed to patent laws.

Q. Do you think they stimulate the inventive genius of the people at all?—A. Most unquestionably I think they stimulate it.

Q. And result in more inventions than otherwise?—A. Yes, sir; I do indeed. But mark you—I thank you for that—I would have the patent laws used here as they were used in that country where the despotisms of Napoleon are spoken of. When this bad actor went to Paris in 1856, a minister of Napoleon went and says to that bad actor: "You come here with a very valuable discovery; the teeming millions of France want the benefit of that discovery; we see what your people have been doing in England with Mr. Thomas, of Southampton; we see how you have changed the millions of England; we wish to take care of the people of France; you appoint an arbitrator, our government will appoint another, and the two shall select a third, and the conclusion they come to—Mr. Bad Actor, you must take that sum that these three men of your own choice say you shall take;" and this enterprising American got some millions of dollars from the French Government. And here, then, sir, here in fact is the kernel of the nut; the French Government turns around to the thirty-six millions of theirs and says: "Here we have a splendid invention; in the first instance we have this, and have put it into your arsenals, and the army of France is clothed with it." That is the first thing they did.

Q. You would have the government pay to the patentee the value of the patent, and then have the invention free to all the people?—A. No, sir; I would not. I wish to give to Cæsar the things that are Cæsar's. As I said when I started, I want all I can get for my labor. I wish the government to take the thirty-six millions or forty-five millions of the United States and say: "You can purchase a right to make one rifle, one gun, one thousand or a million of the same: but you must pay so much into the exchequer of the United States, as a man who sells whisky, ale, and beer pays into the exchequer of the United States.

By Mr. THOMPSON:

Q. Then, would you pay the inventor nothing from any source whatever?—A. Pay him, unquestionably pay him.

Q. How?—A. As Louis Napoleon would have paid him, and paid this bad actor.

By Mr. RICE:

Q. We have misunderstood you. What did Napoleon do?—A. When Isaac M. Singer went to Paris in 1858—he went to sell his patent—the French Government stepped in and said: "This is a very valuable thing; you are an alien." That was an excuse, not a very good one, but excellent for one of the Napoleons. "I want to use that machine; we know what you have been making in America; we know you stopped the manufactories of Southampton, of Dundee, of Manchester, and other places; we will not allow you to get a patent here in France to stop the French people from using it, but you appoint a man, one of your own countrymen, the Government here will appoint another, and let these two men select a third, and what the three conclude you shall receive for the right of your patent in France you shall get." Mr. Singer said: "I am perfectly satisfied." He was a wise, sober man in that case. He says, I am quite willing to submit my case to arbitration. They said Mr. Singer was to get some million of dollars.

Q. Now, do you approve of that mode?—A. I do, most certainly.

Q. How would you have Mr. Singer recompensed in this country—in the same way?—A. Precisely in the same way.

Q. When a man has discovered a new invention which is valuable to the community, would you have him receive a sum fixed by arbitration at the outset say, and then leave the invention free to all?—A. Yes, sir. This applies not in one but in nearly every branch of business. Give us the freedom to sell our labor at the highest market; let labor be untrammeled—I use a common phrase, but I don't mean it as common—let no "sucker" live on the resources of the intelligent classes or draw from any man the fruit of his labor, no communistic theorist plunder the producers.

By Mr. THOMPSON:

Q. You believe, then, that the use of machinery, under the laws that govern patents, is detrimental to the working classes?—A. I believe that all that exists is good, and I believe that all is for the good of man, but then if any engine is detrimental to man let us break it up. Let us break up the steamboats of the Atlantic steamship companies; let us break up all machinery. Of course I am not in favor of the destruction of all kinds of machines.

By Mr. RICE:

Q. You do not believe the laboring classes have been injured by the results of the introduction of machinery?—A. No, sir; but I believe the laboring classes have been injured by the government of which you are a member.

Q. Tell us how.—A. I will tell you; indeed I will. I tell you when the Democratic party held power, free trade was the law; but another party coming into power intro-

duced the system of protective tariffs. What was the result? Why tens of thousands of those who afterwards became skilled artisans and mechanics flooded in from the country districts and settled in cities and towns. Capitalists invested their money, and men became machinists, and the virgin soil of the West was neglected. The government protected capital, and tariff was put on anything that you could make here; it became so that it glutted the market, as far as labor was concerned; and when the government administers a poison, it behooves the government to administer the antidote.

By Mr. THOMPSON:

Q. What is the antidote?—A. Since the American Government has raised up a brass wall, miles in thickness, around capital, it becomes the absolute duty of the government to shatter that wall to pieces in various ways. One way is this: the surplus population of our cities can be assisted very much; the moneys that we need to keep in existence a useless and unconstitutional Army, give them to take men from the cities and towns to the western plains.

By Mr. RICE:

Q. That is, you would help the surplus populations of the cities to go on to the public lands?—A. Yes, sir; just as the French Government did after the revolution of 1792.

Q. What about the tariff?—A. Shatter it as England did.

Q. You believe in free trade?—A. Free as the wind from heaven, and I believe that the man that has not manhood enough to go out West ought to have the proud privilege of starving in the city.

By Mr. THOMPSON:

Q. Did you not complain a moment ago that the government permitted machinery to come in from other cities and manufacture fabrics here to the injury of the laborer? A. No, sir; I did not; that is the absurd position the government is in.

Q. You were repeating the old man eloquent, but so eloquent you did not understand.—A. I did not come here to be eloquent. I am more eloquent with the hammer and file than with the tongue.

Q. But I understood you to say so.—A. I showed that as one of the absurdities of the government; the government allows free emigration; I showed we had no protective tariff for mechanics, skilled artisans, and mechanics. I said it was absurd to allow free emigration, to fetch the watchmakers and machinist with the machine or watch he made before he left England; it allows them to come here without paying a cent, but the watch or machine must pay a heavy duty. I simply said that to show the absurdity of the thing. I simply come here to give my ideas, not to make a speech.

By Mr. RICE:

Q. I understood you were opposed to the admission of foreign manufactures free of duty here?—A. No, sir; I am in favor of free trade, as free as England recognizes it. The next thing that the American Government ought to do is to fix the patent laws. In the first place, were the American Government to do what the French Government does, then we would not have this to complain of that I am about to complain of now. Five men form a sewing-machine combination, and Mr. Potter, now president of the Domestic Company, then president of the Grover & Baker Company, is one. Since 1862 or 1864, I don't remember the year, another extension of the patent rights was given to the sewing-machine company. Since that time there has been manufactured in the United States 8,000,000 of sewing-machines. I undertook, on one occasion, to make a sewing machine, two or three. I had to clear to Canada. Why? Because I dared to use that which the law says I had a right to use, the ordinary principles of mechanics. You are aware, sir, that none of the five principles of mechanics are patentable; nevertheless, every one of these principles is patented by the company owning the sewing-machines. Now, remember, I had to clear to Canada, unless I chose to allow myself to be put in Ludlow-street jail. Why? On account of infringing patent rights.

Q. You admit that the patentee ought to have compensation?—A. Yes, sir; but if I admit that you are to get a pound of my flesh, it does not follow that you are to take my life, take my all.

Q. Your point is, it ought to be different from what it is?—A. Yes, sir.

Q. Yet so long as the United States has seen fit to give the patentee a royalty, he ought to be protected in that?—A. No, sir; he ought not to be.

Q. You say he ought to have a compensation?—A. He ought to have compensation.

Q. If he has not had his compensation in a million of dollars at the outset, as Singer had from Napoleon, is it wrong that he should have it, say a royalty of a dollar on each machine?—A. Wait a moment and you will see I am right. Suppose it were conducted here as it is in Saxony; suppose it were conducted here as it is in Glasgow or Edinburgh, any kind of patent; or, if you like, as I instanced, in the first place, that of

France. I go to the government to ask permission to make so many of these sublime machines. The government says: "Are you able to pay a certain sum?" I say: "Yes, there is the money." I step into the market, and this is the result; this would be the result: I would be able to offer to the people of the United States a sewing-machine similar to that which Mr. Muller, the president of the company in Saxony, exhibited in the Centennial Exhibition, where it was sold for fifteen German thalers, less than fifteen American dollars; while on the very same floor of Machinery Hall this company I have spoken of, and other companies protected by tariff here, were selling their machines for $65; and were Mr. Muller to come here he would be put in Ludlow-street jail; were Mr. Muller to sell his machines here the company would take care that the high tariff would keep him away.

By Mr. BOYD:

Q. What you are opposed to is the extension of the patent under royalty to the inventor?—A. That is what I object to. There is a company that bought a patent two or three years ago; the patent is still in force. It is called the Domestic Company. It was formerly called the Grover & Baker Company. They come here to the market and advertise in a greenback organ, "No patronage; co-operation; buy from the manufacturer and save $10 out of $60." That is, they agree in this: they are free traders when their patent has expired; but go to their office where the patent has not expired. Go to their office a Saturday and ask them what they think of the Domestic patent. Well, of the Domestic patent I think a great deal. Catch them in their other office on Monday, and ask them what they think of protection. I think nothing of protection at all. Allow me to put another case: Go out to Elizabeth, a company where I worked for years, and was not discharged either, ask them what they think of patent rights; they will tell you they were very sorry the injunction did not lie against Mr. Stuart, of Thirty-seventh street, New York; they were very sorry because Judge Woodruff did not hold that to prevent Mr. Stuart from making their machine. They were very sorry that Judge Woodruff could not grant an injunction holding that the man who could make a barrel just round had a right to have the manufacture of it preserved to him by a trade-mark. Then that company tried to stop that man. I don't know the man. They are lovers of this tariff. When they found the people of Glasgow could beat them at their own game, they went forth to the city of Glasgow and established a large factory at Mile End, and are free traders there; like, in fact, as the story of Esop says, they blow hot and cold; they warm their hands with their breath and cool their hands with their breath.

By Mr. THOMPSON:

Q. Is there any other matter besides the patent laws that contributes to the depression of business?—A. Yes, sir; I believe there are others.

Q. Well, what others?—A. Well, it is for the Government of the United States to observe thoroughly, to enforce thoroughly democratic principles in each and all of their departments, no favoritism, to have no preference for any individual of the United States, and to recognize the Constitution to the very letter and spirit. When you asked me that question, perhaps I did not intend to say what I am about to say; but it is very proper it should be said. The Constitution provides for the equality of all men, my right to pursue this, that, or the other mode of effort and life, and my right to express my views and say who shall represent me. I believe that the best thing you can do is simply this: the people in November, 1876, recognized free trade when they elected the head and front of free trade; the capitalists combined one with the other against the spirit and letter of the Constitution; they created another branch—I was going to call it a legislative branch. It is not a legislative branch; it is not recognized in the Constitution. The result was that the first wish of the people was set aside, and a fraud put into his place. I came not here to make a speech; but, as you asked that question, the reason why I say a fraud was put in his place is that I came here as an advocate of free trade, and his platform was free trade. The poison can be eliminated by simply saying that all errors can be corrected, and the laws passed by the Congress of the United States are not like the laws of the Medes and Persians. Simply say we can correct an error, we can meet the complaints of the people, and if an error has been done we can rectify it, and will.

By Mr. THOMPSON:

Q. How would you rectify it?—A. I am telling how I would rectify it, and if I can't give you a point, simply say again I am a fraud. I believe that here yesterday by the pedagogue of New Jersey, the yeomen were spoken of. The yeomen of England were imposed upon by a man who was put in office; his name was Cromwell. The English people did what the American people should do; they read up the law and they found that the heir to the throne was in France, and they said this man is a usurper. They turned to the constitution and corrected the error, what the American people ought to do through their representatives. You are aware of that. They said we have been in error in allowing this usurper to be over us, and they did correct the error.

By Mr. RICE:

Q. The representatives made the error in the first place by putting in the wrong man?—A. Yes, sir; but, if I mistake not, the maker of the vessel can break the vessel; the potter makes the vessel for good or evil, and he that creates can destroy.

Q. Would you have them now do the other thing?—A. Yes, sir; consistency is a jewel.

By Mr. THOMPSON:

Q. Is not that in process now?—A. I think it is in process, very slowly; and perhaps it is like the mills of the gods.

By Mr. RICE:

Q. I would like to ask you a few questions on points that have been presented here by others. You think there are a great many people out of work now?—A. I think about a million and a half idle men; that is, men and women, who on Monday morning can say, "God knows, I don't know where to go and earn my dinner."

Q. What do you think is the cause of this want of employment?—A. There are various causes, but the principal one is encouraging monopolies. I am with my communistic friends on that. You can assist us. You can aid us. Now, suppose for a moment that I spent about twenty years in this country trying to assist myself and help others, and I can't get work; I have paid the taxes directly and indirectly; I have been of some little benefit to these people in the city of Brooklyn—I think I have, and some say I have—I find I can't get work as a machinist; still my children are growing up; I have got to go and ask a position of the politician; often his influence can't get me a position; I turn then to this government; I say, gentlemen, you have given millions and hundreds of millions, in the shape of money and property, to men who had not the first mark in their pockets; in fact who had to borrow the money to get their act through Congress; you put them in a higher position than the dukes of Germany ever held; what is good for one should not be bad for the other; give me assistance. Mark me, although I am against this fraudulent money, as there is a gem in the head of the toad, there is a gem in this. Let the government assist us as they have assisted steamboat companies, as the government subsidizes day after day; and is it not subsidizing every day the Pacific and other railroads? I say, then, give us means to get west to settle there, and in a few years the peasantry of America will be like the peasantry of France, the happiest and most prosperous people on the face of God's green earth. France has less large estates than what are here. What is the result? These people have the land divided and subdivided among themselves, and this is the result. These people were able to step in with their means and wipe off the German debt in a few years. The French people had money, but they had also muscular brawn; hence their success.

Q. Then you would have the government aid the poor to go to the western lands?—A. Simply in this extraordinary case.

Q. Do you believe in co-operation, such as has been advanced here?—A. I do indeed; but if I recognize co-operation I don't recognize coercion. Co-operation is often used as a misnomer for coercion; but, as Mr. Hewitt put it yesterday, say, if a man wants to work fifteen and another is for only eight hours, let each work according to his choice. Mr. Hewitt's ideas cover mine exactly; I favor co-operation.

Q. Do you believe in the restriction by the government of the hours of labor?—A. No, sir; I do not. If God has endowed me—some of my friends don't recognize the idea of a God, this old idea of Deity—if He has endowed me with the power to make a locomotive in six months, when the theoretical communist would take eighteen months, I ought to be allowed to do it.

Q. You don't believe in the restriction of the hours of labor?—A. That law was offered to four millions of people here in the city of New York, and the four millions voluntarily broke it; and some of these men whom I have heard here I have heard on rostrums fulminating their financial heresies and their social heresies, and some others, that if they were propagated among the people would give us a hell upon earth.

By Mr. BOYD:

Q. You think that you have given all the suggestions you know as a remedy for the present condition of things. Now, have you any other remedies to suggest?—A. Well, no; nothing more than this one point. There is a little thing [holding up a piece of metal], the section of a screw; it is known by another name, but I call it the section of a screw. Had I made that in the last fourteen years I would have been put in jail. Here is something else [producing another piece of metal] more dastardly than anything yet, a horse-shoe, not much to look at, although it carries a wonderful tale with it. Mr. Phillips, of Massachusetts, tried to make a horse-shoe nail between two dies without having the impress of the die on the side of the nail. That had been applied in England for one hundred years, but our ingenious Yankee of Massachusetts failed. He says I am not to be beat; I want to have a monopoly of the nail-trade, I want to make all

the nails in Massachusetts. For eighteen months he failed. After seeing that he must make a virtue of necessity, this enterprising Mr. Phillips went to a patent agent in the city of Boston. The patent agent said I have the idea; patent the crease; make it a trade-mark. Mr. Phillips tried to invent a thing for eighteen months, and finally made a virtue of necessity; he goes to the Patent Office and patents his horse-shoe nail and the crease in the center there.

By Mr. RICE:

Q. That is on the same point you have already spoken of?—A. On the same point. The patent was issued to a man that made a virtue of necessity. I hold that untrammeled liberty should be given in these things, that the patent law should be shattered; and, as I suggested about the grinding of God's mills, I pray they may grind a little faster.

VIEWS OF MR. F. BRUNER.

Mr. F. BRUNER next appeared before the committee.

By Mr. RICE:

Question. You represent yourself?—Answer. Yes, sir; I belong to the tailor's trade. I am not delegated by them to represent them here, and I only come before you as you have called for the men of most extreme views in all stations of society. That is what brings me here, for I consider myself one of the most extreme men living in regard to political views. That is what brought me here.

By Mr. THOMPSON:

Q. Do you know the points to which the committee desire to call your attention?—A. No.

Q. It is not extreme, or other views, or politics generally; but what the committee desire your views upon, if you have any, is the cause of depression of business and labor generally, and the measures to relieve it.—A. As I mentioned, I am a tailor, and although I have no remedies to suggest, I will just state to you how far our trade has been brought down. I don't think there is any branch of business carried on in this city, or any part of the United States, which has been so much reduced as the tailor trade.

Q. What did it?—A. The capitalists and overproduction, and the right of the individual to possess property which he has not earned himself.

Q. How do you propose to remedy it?—A. I have only one suggestion to make; I have listened here three days, and listened to all the different views, but I do think pretty much all the suggestions that have been made would only be putting a new patch upon an old garment.

Q. What would you do?—A. I would suggest that Congress assembles only one week; that is, to let us have a referendum; to give every individual the right to propose laws, and if a certain number assent that this law shall be brought to a vote, and if adopted by the majority of the people, it shall become a law. Then afterward to abolish the executive, Congress go home, abolish the judiciary, and let the people manage themselves.

Q. That would be radical?—A. That is the only suggestion I have to make.

Q. Because this embraces everything, you have no other suggestion, I suppose?—A. The views of the party to which I belong have been expressed here; and as I suppose all these things would only be patch-work, I could not suggest anything that would not bring about that state.

Q. Your statement covers all?—A. Yes, sir.

VIEWS OF MR. PATRICK LOGAN.

PATRICK LOGAN next requested to be heard.

Mr. THOMPSON. The committee will hear you for a brief time.

Mr. RICE. I think it may as well be understood by the gentlemen that desire to be heard that the committee of course are inclined to get all the information they can upon the matters that are submitted to them, but we cannot hear every particular grievance, special personal grievance, because that would take all summer, and more, too; and where the subject has been once presented by a representative of a certain class of views it is not well for others to take up the time in going over the same subject. We merely make this suggestion to the gentleman, because if we listen to everybody's individual grievance we never should get through.

Mr. LOGAN. I look upon this committee as one of the best that has been appointed by Congress for many years, for this reason, sir, that it gives an opportunity to all classes of the community who have been desirous of laying before Congress their grievances; and I must say that you have got one thing in Washington, at least, that we did not get in New York—you have to contend with a great mountain of chaff in order to select a few grains of wheat. I have listened, and I have read the whole proceedings that have been brought before this honorable committee, and I say although there may be a few grains of wheat selected the greater part has been a

mountain of chaff. Now, sir, the purpose for which this honorable committee has been appointed, is to see and find out what is the cause of the great prostration of business from the center to the circumference of this Republic to-day, and what is the best way to take in order to extricate the people from this depression of labor and find some way in which they would be employed. It is admitted on all hands that about a million and a half of the working classes of this country to-day are idle. I will say here that many have taken advantage of the honest working classes to be, if you please, their representatives, when many of these men throughout the length and breadth of this country hardly ever earned an honest day's wages, but have lived on their wits, and instead of being friends have been enemies to the working classes. I will prove this by the manner in which the honest working classes desire to earn their bread. They want no communistic party. They want nothing to disturb the law and order of this country. I have been the candidate of the working classes some years ago in this mighty center of capital and labor; I have been the candidate of the working classes for the fifteenth assembly district, and although a great effort was made to buy me out, to sell the working classes, I told them all the money they could give would not buy out the candidate of the working classes, and 850 votes stand to my credit in the county clerk's office. I am a laboring man, and always earned my bread by the sweat of my brow; and there are thousands now out of employment that can find nothing to do, but I see as clear as sunshine how if the government of this nation did its duty they could be fully employed. I look at the mayor of the city, the board of aldermen, the governor, the assembly, the President of the United States, the Congress and the Senate to be something, to profess something of a paternal feeling; that is to say, that the mayor and board of aldermen should do all in their power to find, to procure, productive labor for the working classes. If our government and assembly (it is the same with our President and Congress and Senate) should do all in their power to procure and establish productive labor for the working classes it could be done. Now, sir, for instance in this city, there are thousands and thousands of men out of employment, and no member of the legislature has presented a bill in order to procure some work by which the working classes could be employed. Now, here in the city of New York, one of the greatest commercial cities in the world, we have rotten piers along our East and North Rivers, a shame to the city. Why does not our government give out $15,000,000 or $20,000,000, to run a line of docks on our East River and our North River. See what amount of employment that would give to the idle men of our city; and the work would be reproductive and would pay for itself in the course of time. One of the great evils that now exist, and a cause of the prostration of labor that has existed for years, is the war that came upon us. The great mistake was that these bonds, issued to meet the expenses of the war, were not held in the United States itself, that from a dollar bond to a thousand dollar bond was not issued, and that citizens of this Republic did not take up these bonds, and as France has cleared up the war debt so would the citizens of this Republic clear up this debt instead of paying the great interest, 7 per cent. gold, to the Shylocks of this country.

By Mr. RICE:

Q. Is it not well to have capital flow in from other parts of the world to help along our business here?—A. I look upon it as the great stab from which the blood of the nation is now flowing, that which allowed foreigners to come in and buy our bonds.

Q. Suppose the bonds had been held here, there would have been so much capital lying in them here?—A. It would have been like the blood flowing naturally. The interest now paid to the Shylocks of Europe would have been circulated through the country; we would have received the interest, and it would have been in the family. These Shylocks would not have had our blood. The money that would be applied to manufacturing purposes in a great many instances has been deposited in these bonds; but I don't object to that; I would like if every dollar in the country for every bond that is issued in the United States was bought by the citizens of the United States, and it would be a benefit to the country.

By Mr. BOYD:

Q. These things are past. Now, can you tell us the remedy for these things; come down now to the way to remedy it?—A. Yes, sir. Well, then, the first thing is, numerous classes of workingmen are idle to-day throughout the country. My idea is that the land should be given to the actual settler. The men that are in the city, the workingman who has five or six children, two or three sons idle in our city, should be given to-day say $50,000,000, or so much money to be given to a bureau of agriculture and labor, and those being in the city that wish to go out and settle on government land should be given the means of going there. Now, you have a homestead law to-day, but what use is it? Here I am to-day, if you please, or hundreds in this city might as well say there was a splendid country in the moon. We can't go there, nor we can't get any place where the government land is, without having means to go there. If the government desires the prosperity of this country it will appropriate a certain amount

in order to bring out the working classes of this country and settle them on the land; give them 100 acres, or anything they will be able to cultivate; give them say $500 to commence, take a lien for the land, and it will be paid by installments until the amount is paid, and instead of being paupers in the city they are farmers on the public lands, and have a stick in the pile. That is one way.

Q. What is your next remedy? That has already been stated before.—A. The next point is, the relation between capital and labor is not properly understood between the laborer and the capitalists. Now, my view of capital and labor is that a community should exist between the capitalist and the laborer, instead of an antagonistic feeling. I consider the laborer should know he can't accomplish anything without the use of capital, and that the capitalist should understand that he can't very well increase his capital without the benefit of labor. Now, let me give you an example.

Q. Our object is to propose some legislation that will reach these ends, and we want some suggestion on that point.—A. Well, as I have said, the mayor and board of aldermen of any city should legislate in order to benefit the general masses, not one class in particular, but the general masses, the great body should be looked after and cared for; the toiling masses, the producing masses. Then the State should come in in its place, and the United States should govern all, giving its aid in order to help the people in the condition they are now placed. For instance, as I have said, in New York if a line of docks were built see what an amount of labor it would give, and it would be reproductive; why, the ships of foreign nations would pay for it.

By Mr. RICE:

Q. Do you think that Congress ought to build those docks?—A. Well, I think that an appropriation for the cutting of canals, or clearing of rivers, or anything of that kind it should make. I don't know that it should attend to the municipal affairs of the city. I believe that States should do that.

Q. Don't you know that Congress voted a great many millions at the last session for river and harbor improvements?—A. Yes, sir.

Q. Now, about this $500 to each of the unemployed people in the United States; you say there are about a million and a half of them?—A. Well, that many would not want to settle on the public lands. Say, for instance, there are half a million of people that would wish to go, it would leave more room for the other laborers here.

Q. You would leave the other million alone. You would not have the government do anything for them?—A. Oh, yes, sir.

Q. Why should not the man that stays here have $500 as well as the man who goes to the West?—A. I would give the privilege to those who have large families and sons to cultivate the soil.

Q. I want to know where you are going to draw the dividing line. Here are a million and a half to be helped. Where are you going to draw the dividing line, and say who shall be helped and who shall not?—A. I say there are men that are not adapted, and there are men that would not go at all, for instance; but every man that went there would be in a short time independent. I say that this is one of the important duties the Congress should do, to establish this bureau and make it a system of reality instead of now having it a nullity.

By Mr. BOYD:

Q. Is it not a fact, from your knowledge of these laborers in the city, that only a very small proportion of them could be induced to go and occupy lands in the West?—A. I know of a great many that would be glad to have an opportunity to go to-morrow. I know that from my experience among the working classes. They would go to-morrow if they had an opportunity to settle on the public lands, and would be willing to pay back to the government the $500 or whatever they got, as if they had to pay it to a bank.

By Mr. RICE:

Q. Now, have you any other suggestions to make, because we can't very well take up time?—A. No; I don't want to take up your time. I only say that the large salary which is paid to our legislators should be brought down; and if it is not, the poor workingman who earns his living honestly, should not be first reduced.

Q. You would suggest that the salaries of Congressmen should be reduced?—A. I would suggest that the salary of the President of the United States should be first reduced, and so should the same be done down to the very last man.

Q. Is there any other suggestion?—A. One thing more: that any officer employed by the government that is found out to be imposing or robbing the working classes of this country, should be branded before the public; or the President that allowed such fraud to exist in his administration should never hold office or be elected to any office in this country. I say honesty in legislation is the great fight to be fought in this country; and I say if the working classes are true to themselves, every man who has been subsidized by the capitalists of this country should be voted down by honest men I care not whether republicans or democrats.

Mr. RICE. That is for you to do, and not us.
Mr. LOGAN. That is what I am telling you.

VIEWS OF ROBERT W. HUME.

ROBERT W. HUME next appeared before the committee.

By Mr. RICE:

Question. Whom do you represent?—Answer. The American Labor League.
Q. Where do you reside?—A. In Long Island City.
Q. What is your business?—A. Teacher.
Q. What do you teach?—A. Various branches.
Q. A common school?—A. In a private school in this city.
Q. Are you an officer of the Labor League?—A. I have been President for a few years, not at present.

Q. We have heard a great many suggestions from associations similar to yours. Please avoid these as much as possible and give us new suggestions.—A. I will try; and, in order to do so, the first thing is to look at the condition of the people of this country and compare it with what it was ten years ago. Ten years ago and for the long time I have lived in this country we have been a people; we are now a mob; we are now tramps; because we have no labor to do. The condition, I think you will admit, of this country is frightful; and, alas, that of other countries also. Now, the condition that they are in is an effect, and the next thing in order to find out is the cause of that effect, why the people are in this condition; and in looking at the causes I shall glance at the systems which rule over the people at the present time. The first system to be looked at will be that of the political economists. I shall only glance at that. And take the statement of political economists, of the greatest and best of them, who is the most worthy, the most useful man in the community? The tiller of the soil. Why? Because he makes, he creates, he makes two blades of grass grow where one grew before, and you can only advance the value of wealth by the agriculture which creates it. The political economy system says that he is the most useful man. How is he? Why, he is a serf and a slave. The whole system of political economy is inimical to the welfare of the races of men; it does not look at the interests of the million of producers; these it sacrifices to the interests of thousands of speculators, and again to the comparative hundreds of money-holders. In fact our present system of political economy makes the pyramid stand on its apex instead of on its base; and I am able to say the working classes have seen this themselves. At the first election of General Grant I was appointed on the finance labor body to present them a platform. We talked it over. The first resolution we made treated of labor, the material laborer, the intelligent laborer, and the moral laborer; any person who gave his services to society was termed a laborer.

By Mr. RICE:

Q. This is all very interesting, but we are not here to be interested, but to be instructed on certain points. Please bring yourself to these points as soon as you can.—A. I will pass on, then, to the industrial system, and the first thing that should be established by government is this one thing, the right of a man to work. We claim that to be a distinct right, and the first duty of a government is to procure for all men willing to work, work to do. When that is established there will be no idling among the working classes.

Q. How is the government going to secure to every man work?—A. I leave it to the honorable committee of which you are composed to answer that question, but I believe it can be done in a truly civilized country.

Q. We are somewhat puzzled to know how, and we would like to have you tell us the way.—A. How to secure to all employment; we will have to go into that subject to find that out. For a thousand years it was not allowable in any Christian country to take any interest, but Henry the Eighth changed that, and a law was passed in England——

Q. Without going through with the history of that time, you think it is wrong to take interest?—A. Most certainly. Money is the representative of wealth. Wealth will not increase but by the one general rule of labor. Money is only the right to take labor.

Q. Suppose a man has a thousand dollars in money which he does not use himself, you would prevent him using it for anything else?—A. Not exactly. I would prevent him from having a law to secure interest.

Q. You would not have it a legal contract?—A. Certainly not.
Q. You would not have it a contract that should be enforced?—A. By law, no.

Q. Then you would leave that man to get interest or not, according as the borrower is willing to pay it or not?—A. Money itself, the function of money, is a medium of exchange, but a loan is a favor conferred, not an act of business.

Q. Supposing you wanted to go into business and I had a little money and you had

not; you have got land that you own, but you want money to build on it, and I have the money; would you have me lend you that money?—A. You have a law in the Bible on loaning——

Q. Would you think it right for me to loan you the money?—A. If you pleased.

Q. Would it be any advantage to you to borrow it?—A. I suppose it would.

Q. Ought you to pay for that advantage?—A. Certainly.

Q. If you ought to pay for it ought you to be obliged by law to pay for it?—A. No, sir; the people have nothing to do with it.

Q. Suppose you want to come into my garden and pick my pears; it would be an advantage for you to do it?—A. No, sir.

Q. Suppose you do do it?—A. I ought to be punished by law.

Q. So you do believe in a penalty of law to some extent?—A. There is a difference between you loaning me money and I stealing your pears.

Q. Suppose I loaned you the money and you could not pay it?—A. In that case you have mistaken your man. If you loaned me in this State a hundred bushels of potatoes you could not recover it in this State. You would look well to go into court in this State to recover a hundred bushels of potatoes you loaned me.

Q. Suppose I loaned you my horse?—A. You could not get it back.

Mr. RICE. I guess I could.

Mr. HUME. Not in this State.

Q. I guess I could; I would not stay here long if I could not. I guess you will find there is a law that would make you pay for the use of it while you had it.—A. Certainly.

Q. Would it be right to make you pay for the use of the horse while you had it?—A. I should say it would, if I made the agreement so to do.

Q. Why would it be right to pay for the use of my horse and wrong to pay for the use of my money?—A. Well, the one enters largely into business; and at present it is the very key to the idleness of the laborers; because men with money find it hard to invest in places where legal interest is required.

Q. You think if legal interest were only abolished they would be in a great deal of a hurry to pass it out into those channels?—A. I think that any man who had the sense to have a thousand dollars would put it into a form to have it increase; and when I speak of loaning money it is a thing that can be done or not done. It was far different from the tenth to the sixteenth century; the whole christian world punished it as a crime; afterward by an act of Henry the Eighth to loan money at one per cent. interest was punishable, and the man that did so his money was to go to the king and his land should go back to the crown. I hold with Moses, Mohammed, Aristotle, and Christ, usury to be a crime.

Q. Suppose a man has got a thousand dollars more than he wants, and he is not able to work and carry on business, how is that man to live?—A. To put his money in business; it increases in time.

Q. He is not able to carry on business. Ought he not to be allowed to put it out at interest?—A. I think not; it is false economy, and I have given some very strong authorities for it, the noblest the world has ever seen.

Q. We have heard your views on that. What else?—A. I think there is a law in the Constitution which forbids the state to issue a bill of credit. I know that, and I would like to ask by what authority the States can make laws for the collection of bills of credit issued by corporations within their limits. They are not permitted by the Constitution to issue bills of credit. How can they make them?

Q. Then you think these laws are wrong?—A. Certainly I do.

Q. You would have no sanction of law by which they could be enforced?—A. Not the laws for bills of credit.

Q. How would you do business in New York with a citizen of Chicago if bills of credit were not in use?—A. The only difference between me giving my note and a bill of credit is that the one is written and the other verbal.

Q. Do you think business can be carried on without drafts or checks?—A. I think it could if there was a sufficient currency.

Q. Supposing there was all the currency in the world, what good would that do if I could not collect from you the check you sent me by some legal process?—A. The point is this, that I have no need with this currency for these bills of credit.

Q. What would you do—send the currency?—A. Certainly, if the paper currency is as readily sent as a bill of credit.

Q. So that you could not order a thousand barrels of flour by telegraph; you would have to wait to get your currency there by express before you bought it?—A. I assume you could as readily pay for it in United States paper money as by bills of credit.

Q. But is it not a great advantage to order it by telegraph?—A. I have no desire to stop bills of credit; I believe they would be used by tradesmen, but I am of the opinion that if I can write my note for $50 I can issue my note for fifty cents.

Q. You would have all laws by which contracts can be enforced done away with?—A. No, sir.

Q. You would have all laws by which bills of credit, notes to hand, can be collected——A. Done away with.

Q. Go to the next point, if you please.—A. The third system is the noblest the country has got; it is where we stand before the whole world; that is the religious system. If I call your attention to that it will be for this purpose, to remember there is such a thing in the Constitution as that Congress shall make no law for the establishment of religion; and perhaps you would not appoint a chaplain and pay him out of my pocket.

Q. Has Congress done anything of the kind?—A. It appoints chaplains and pays them.

Q. You would not have a chaplain?—A. I say it is contrary to the Constitution in Congress to appoint him.

Q. Then you would have Congress desist hereafter from appointing a chaplain?—A. Unless Congressmen would pay him themselves.

Q. Well, that would be a little saving, perhaps.—A. The next point is the social question. The condition of women is changed from what it was when we were young——

Mr. RICE. Well, a good lady has presented us with that point.

Mr. HUME. The condition of women is changed from what it was. She is now forced into the shops, and we are getting an entirely different class of women from what we had.

Mr. RICE. The next generation will have to deal with this.

Mr. HUME. If you doubt it I would only recommend you to those in the public schools, who will not accept the doctrine of men under any circumstances.

Q. Would you have Congress pass a law to pay the women the same as men for the same work?—A. No, sir; I would like Congress to pass a law that they must not vote and give the reasons why they would not.

Q. You would have Congress adopt a resolution stating why they don't vote?—A. Yes, sir; and I think they have a fair right to demand that.

Q. Go to the next point.—A. These are the systems. I could show the reason why our American financial system has proved a failure.

Q. Well, sir?—A. For seventy-five years we understand that Congress had no power except over the coin money of the States. There is no doubt about understanding the word "coin" for the first seventy-five years. Now, it is not possible in the financial system of Europe for any nation to coin money for itself; it has never been done. We have been compelled to resort to cliques in our own country and Europe to pay for the war. We had the means and the men. One thing we needed was the money, which Congress could have printed. We have done all this to get nothing but a miserable money from Europe which we ourselves could have issued at Washington.

Q. Do you believe Congress has the power?—A. Not under the Constitution. The national power over money is limited to two things: to issue coin money and to issue bills of credit, which are exactly the opposite of legal tender.

Q. You believe that the greenbacks were issued unconstitutionally?—A. I decidedly think so, and I thank Mr. Chase for defying the Constitution for the sake of the Union.

Q. Do you believe there was a necessity which justified the issue of greenbacks at the time?—A. Yes, sir.

Q. You believe, then, with the Supreme Court that nothing but the extreme necessity justified their issue?—A. I do not believe they are constitutional, and I go further: I think that the legal tender is not constitutional, and that Congress has no legal power to make legal tender outside the District of Columbia.

Q. Do you believe it should have the right?—A. I do.

Q. You believe there should be a constitutional amendment in that respect?—A. I do, sir; and I think the only way it can be done is by a constitutional amendment.

Q. You believe then that the policy heretofore of gold and silver, or of a currency convertible into gold and silver, has been a mistake?—A. I think so, sir. My position is this: For years I was a hard-money man; I never was for the mixture of hard and soft money. I said if I was the financial despot of the world I would introduce hard money for the protection of the labor of the world, but if I was the despot of this country I would issue paper money.

Q. Now, that paper money you would have issued, if the Constitution were amended so as to permit you, by each Congress according to its fancy?—A. Well, sir, that limitation I am sorry to see the people are laboring under—I would like to see it limited by the investment of the people in government bonds, just as Mr. Phillips brought in the system of postal savings banks lately. Now, we propose that usury shall be withdrawn. Why, sir, in Wall street it is not done; the brokers say they don't care about the law. Do they mind it? Now, we say as they don't mind the law, we will withdraw the law for interest and against it, and let money get what it can on credit.

Q. Now, you would have Congress, if it had authority, to issue as much paper money——A. As the money it receives from the people in the savings banks.

Q. You are in favor of these postal savings banks?—A. Yes, sir.

Q. Would you have those people who make their deposits there receive any interest?—A. Not as much, no, sir—to encourage thrift among the people.

Q. How much?—A. Two per cent, not as an interest on the money, but as a bonus given to protect the property.

Q. Would you have the nation obliged to pay that by law?—A. I would.

Q. So you would impose a law upon the nation that you would not upon individuals?—A. I have stated the reason, to encourage thrift among the people and help the working classes. The national debt of France is held by four and a half millions of Frenchmen. Their money, rightly called a circulating medium, because it is thrown out at the end of each year, is given out to stimulate labor all through the country. It then comes back to the Bourse, as you may call it, in Paris and is thrown out again to stimulate labor, and comes back again, so that the circulation of the financial system of France circulates through France as does the blood in the human system, but in our country, to continue the comparison, the blood runs out of the system, is paid away to Europe.

Q. What money is it they have in France? Is it paper money they have there?—A. There is considerable paper money in France.

Q. Any considerable amount?—A. A very considerable amount, but there is a very considerable amount of specie.

Q. So that this great empire of France that has had all its success had it without paper money, on the old theory of coin money?—A. Well, it has had its financial success while still holding to coin; it has been exceedingly well governed financially.

Q. And still on the old system?—A. It has had the hard money.

Q. Should we have had any hard money in this country if we had issued all this paper money?—A. I think it likely that gold and silver might for a time leave the country, but the value of American money does not depend upon the metal or article of which it is composed. Our greenbacks in London will be at a premium; if we sell more to London than we buy from it they must be at a premium.

Q. But would it not depend upon what that greenback is? If the greenback is not convertible into gold, then how will it be at a premium?—A. The greenback represents the labor of this nation, the wealth of this nation, and the ingenuity of the people.

Q. You think, although the example of France should be held up before us, still we should succeed by going away from that example?—A. No, sir; I think the example of France would have been well followed by keeping the bonds in this country; but Mr. McCulloch, like Benedict Arnold, sold his country.

Q. You do not think it was any advantage to go abroad and borrow money to do our business with?—A. I don't see that it was.

Q. What do you think of the eight-hour system, Mr. Hume? Do you think there would be any advantage to the laboring classes by the reduction of the hours of work?—A. I think, sir, every human being has the right to be qualified and cultivated, and in a civilized country ought to be. I am of Franklin's opinion, that four hours' labor is enough. I think every man ought to be an intelligent man, and I want to give him four hours in which to acquire intelligence; and I think every man ought to be a moral man, and I would give him four hours to cultivate his morals.

Q. You think the hours of labor should be reduced?—A. I am sorry to say the New York labor law that we could not compel the people to obey it; it was a foolish law; it was one of those kinds of laws the State could not do its duty with, and the people think it should be the rule at Washington also. It is a look towards what is right, but the workingman has a right to more than was intended at that time.

Adjourned to August 5, 1878, at 11 a. m.

NEW YORK, *August* 5, 1878.

The committee met pursuant to adjournment.

Present, Messrs. Hewitt (chairman) and Rice.

The CHAIRMAN. I desire to make an explanation so that the newspapers may get it. Mr. Thompson was compelled to return home on Saturday evening and Mr. Boyd will have to go home to-morrow. The committee have therefore decided that after to-morrow they will take a recess, and appoint at some future time further meetings at as early a date as possible. To-day and to-morrow they will continue to hear volunteers who choose to give testimony, as far as they can. At the next meeting they will hear gentlemen whom they request to appear before them, as representative men from all branches of society—all classes of society, employers, workingmen, capitalists, laborers, merchants, bankers, and everybody that they think can contribute any information of value to this matter. In pursuing the investigation to-day and to-morrow, as you observe, there is a very large number of applications, and the committee desire that gentlemen will not go over the same ground; that is, as far as possible they will give us

new facts, and avoid, if possible, what has been already presented, so that the time of the committee and the public need not be needlessly consumed. I wish to state that my absence on Saturday was due to a sudden attack of illness; otherwise I would have been present. We will now continue the session and call the gentlemen in the order in which they are on our list. First upon the list is Mr. Hastings, who has already appeared before the committee, but who undertook to furnish distinct information as to some abuses he thought might be remedied. He will now be pleased to proceed. The committee will between now and the time of adjournment to-morrow endeavor to prepare a few leading questions, which they will give to the press, as to the points upon which they desire information, in order that they may be published.

ADDITIONAL STATEMENT BY MR. WILLIAM HASTINGS.

WILLIAM HASTINGS appeared and made the following additional statement:

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I wish to show—

1. That the locking up of money and withdrawing it from business circulation for stock and other speculative purposes by foreign and native capitalists is in part the cause of the depression in trade and labor.

2. That the withdrawing of paper money by frequent depreciation of the same by means of creating gold premiums—and I pause here a moment in order to explain what I mean by that. We have no gold of our own, and if we purchase gold for any purpose for which it is necessary to use it in matters of business, we are compelled to purchase it from foreign capitalists; so that it is to the interest of foreign capitalists to run our gold up as high as they possibly can, and with that gold at the highest figure, buy the largest amount of paper money.

It is estimated there are $7,000,000,000 of gold in the whole world. Now, under the second point, I propose to show the committee where they can get evidence to establish the truth of what I say, that whenever gold is raised by the gold ring our paper is correspondingly depreciated, because paper is bought with that gold. For instance, on Black Friday paper ran up to 240; so it was reported in the papers, and if I understand the estimate right, with $100 in gold coin you could buy $240 in paper. Now, then, next to this I propose to show the withdrawal and withholding of money, stock, bonds, and other assets by bankruptcy proceedings, to the delay and injury of the creditor class and depreciation of business, as carried on by bankruptcy rings that are interested in withholding from the public and keeping in the hands of official assignees without distributing to the creditor class nearly five hundred millions of dollars, and withholding it from the channels of trade and commerce, and that about thirty banks in all in the United States are favored by the courts to hold those assets and use them for their own private purposes in derogation of the public welfare.

By the CHAIRMAN:

Q. Can they make money out of them, or do they make money out of them?—A. I call your attention to the Revised Statutes of the United States, vol. 18, part 1, p. 177, on the subject-matter of assignees in bankruptcy, and what they must do with the money.

Q. What do they do with the money?—A. Deposit the money in bank.

Q. What do the banks do with the money?—A. It is supposed to be in the registry of the courts.

Q. What do the banks do with the money which you say they have?—A. They use it for bankruptcy-ring purposes.

Q. How do they use it for bankruptcy-ring purposes?—A. They speculate in stocks and bonds and keep it in bank when it ought to be distributed among the creditors.

Q. How can they keep the money in the bank and at the same time speculate in stocks and bonds with it?—A. I didn't say they kept it there absolutely, but in contemplation of law it is supposed to be in the registry of the courts.

Q. What do they do with this money?—A. They use it for their own purposes.

Q. Do they put it into speculation to buy anything?—A. Do you expect me to state everything they do with that money?

Q. You say the banks have this money belonging to the bankrupt estates, and that they speculate with the money. Can they speculate with the money unless they use it?—A. Of course not.

Q. Is it locked up when they use it?—A. It is, so far as the creditor class is concerned.

Q. But as far as the community is concerned it is not locked up.—A. I propose to prove in many instances it is locked up from the creditor class that want to use it in business for upwards of seven years.

Q. Now, go on with the evidence.—A. 4th. The circulation of foreign credit in the hands of speculators, and used injuriously to the American business community instead of the cash premium on foreign credit—that is, instead of using this American credit they use foreign bills of exchange, and they allow our banks to make a per-

centage on the sale of those foreign bills of exchange. That brings me to the operations of the grain ring, the wheat ring. They fix pretty much in Liverpool the price of our wheat, and in London they fix the price of our paper by fixing the price of gold. It is a very unfortunate circumstance, but it is true; they fix the price of our products and of our money low by manipulation of the finances, and all the foreign credit in that form is so much capital locked up from the business community in this country. For instance, a man wants to buy a large amount of grain; after the price has been fixed in Europe he wants to buy a large amount of grain out West. Well, he don't generally use the cash. He will give a bill of exchange on a foreign country; for instance, England. The banks will cash that bill of exchange, and give credit to that foreign creditor and hold it, and then remit it to Europe, making a percentage on it. That is elevating foreign credit over native credit. Some future day I will explain that fully.

5th. Mortgaging public lands to foreign capitalists and withdrawing one hundred and fifty millions in gold coin annually to pay interest on the public debt. That is, there is not quite one hundred millions in gold coin paid in interest on the public debt, but there are about fifty or sixty millions on the railroad debt; but it is to be paid to Europe, or if it is not sent abroad it is used here for the benefit of foreign capitalists and not for our benefit.

6th. Foreign capital owning our gold and silver mines, and withdrawing their products from the country. That is a very interesting subject of discussion for the committee, and there is some very nice evidence that I would like to introduce on that subject. They even ship their own men from England and employ them in the mines and furnish clothes from foreign countries to exchange with them for wages.

Q. Would you prohibit foreign capital from coming here to open gold mines?—A. No; but I don't want it to crush us.

Q. Do you expect us to propose legislation to prevent foreign capital from coming to this country?—A. I do not. I am not an enemy of foreign capital; I am an enemy of its abuse. What I want to say in regard to my eighth point I think is included in one of my other questions; therefore, I won't refer to it.

Now, I want to read you a memorandum from a copy of the record of the United States court. I have a great deal of evidence, but first of all I would suggest in order that the committee may get at the facts, and not take my statement, that they examine the official assignees in bankruptcy and compel them to disclose those facts.

1st. The value of the assets in the hands of official assignees in bankruptcy belonging to creditors, and in what banks are they deposited. You will see that the bank that holds forty or fifty millions of deposits in this city belonging to creditors has a decided advantage over all other banks, and that bank sends out its agents to rear other banks to get their assets into capital, so that they will increase their capital.

Q. Name the banks.—A. I will give you one: The Bank of the State of New York, and I will give the record of a suit against it.

Q. How much has the Bank of the State of New York deposited with it of bankruptcy assets?—A. I suppose over twenty millions.

Q. Do you know what the total deposits of the Bank of the State of New York are?—A. I do not; my knowledge is not universal. My knowledge is very limited.

3d. The length of time it takes to settle up the affairs of bankrupt estates and make a distribution of the assets to the creditors.

4th. Under the law, is the bank where the official assignees deposit the assets of bankrupt estates authorized to go on and use such assets and derive the benefits arising from such use by the banks?

5th. The aggregate amount of money or assets of bankruptcy estates withheld from the creditors at the present time.

Now, I will read from the copy of a court record, and I am glad Governor Rice is here, because it is not an authentic copy; it is from a United States court in Boston. Mr. Justice Clifford was presiding at the time. In order to avoid anything like scandal—for I am not a scandal-monger—I will withhold the title of the suit, and I will read simply from the record in that case.

By Mr. RICE:

Q. What are you going to do; read what?—A. An extract from a public judicial record.

Q. What is the public judicial record you are going to read from?—A. A record of the court.

Q. Of what case in court?—A. That is just exactly what I want to avoid calling. Some one will say I am a sorehead.

Q. We don't want anything here that is concealed or half disclosed. If you have anything that will answer our purpose, let us know.—A. That suits my purpose. It is the suit of William Hastings against Samuel Blatchford, the judge of this court, in bankruptcy proceedings. John H. Platt is the official assignee. I will give the other names. Those are the things that are not allowed to go to press.

Q. You are the plaintiff?—A. I am.

Q. What do you claim you are going to show by reading that record?—A. I propose to show by reading that record that the bankruptcy rings of this city are ruining the creditor class.

Q. You propose to show that the funds of some estates have been kept in bank longer than they should be?—A. I don't want to show that the funds of any particular estate have been, but that the funds of a large number of estates have been kept longer than they should be.

Q. Does that show the number?—A. Yes, sir, it does.

Q. You make the point that by the aid of the bankruptcy court bankruptcy assets are kept too long in hand, and used by rings?—A. I do. I mean to say they are kept unnecessarily long, and injurious to the interest of the creditor class.

Q. Any fact that will bear upon that that you desire to state we will be glad to hear.—A. I say that I have a large amount of record evidence which I would like to put in.

Q. Suppose you make an abstract of it, and hand it to us in support of that point. We will be glad to take any abstract evidence you have, and consider it in connection with that point.—A. You must remember I am not paid for this work.

Q. We do not desire to go into a long matter of personal interest unless it is of public interest.—A. It is of public interest.

Q. You have made the point, and we would be very glad to have an abstract of any facts you have in your possession to substantiate that point; but it is not necessary to take up our time, when so many gentlemen are waiting to be heard, to go into the details of those facts further than necessary.—A. I will give you the details of those. I will give you the title of the suit, with the names of the defendants, and I will also refer you to a large amount of documentary evidence bearing upon the subject. If the committee is not prepared to hear any more, I am prepared to stop.

The CHAIRMAN. I think you have made the point very clear, but I would like to ask you a question. Have you stated in this room that any member of this committee is interested in a bankruptcy-ring bank?

Mr. HASTINGS. I have not, sir. I did say, though, sir, that I was under the impression that the chairman of this committee was interested sufficiently in the advancement of the interest of foreign capital as to be somewhat hostile to my introducing proof.

The CHAIRMAN. Upon what ground did you state the chairman of this committee was interested in the advancement of foreign capital?

Mr. HASTINGS. Because you are connected with various foreign importers and other matters.

The CHAIRMAN. In what way connected with foreign importers?

Mr. HASTINGS. Do you not sometimes import foreign goods?

The CHAIRMAN. We do not.

Mr. HASTINGS. Then you are not interested in any way in the manufacture of foreign goods?

The CHAIRMAN. Not at all. I am not an importer of goods. As you have made an imputation here—it is stated that you publicly said on Saturday last in this room that the Chairman was not willing to hear you because the Chairman was interested in a bankruptcy-ring bank—let me say now for the satisfaction of the public that I am not a shareholder in any bank of any kind whatever.

Mr. HASTINGS. I am glad to hear it, sir. I deny that I said you were interested in stock or bankruptcy stock.

Mr. MULLEN. You stated so to me.

VIEWS OF MR. MORRIS COHEN.

MORRIS COHEN appeared and made the following statement:

By the CHAIRMAN:

Question. Whom do you represent?—Answer. I represent the Socialistic Labor party of Brooklyn. I want to state individually how I am depressed in business.

Q. What is your business?—A. I am a manufacturer of cloaks and suits.

Q. State your case, then.—A. I employ when I have business 150 girls, but I don't employ any now; I have no work. The average money that I have earned in the year is $4 a week. Now, gentlemen, I don't think any man can live on that and pay his expenses and rent. I am a small manufacturer, but I fear that the large manufacturer is crowding me out, and thousands of others like me. Therefore I appear before you, and I think it is the right of our servants to see to it that they stop this fraudulent arrangement of monopoly to crowd out a small man that is trying to get along in this country. I think there is some screw loose. I am not a statesman, and I don't intend to say to you what to do or how to do it; but Mr. Robb will tell you what we propose to do in regard to our business depression and labor depression.

VIEWS OF MR. ALEXANDER R. ROBB.

ALEXANDER R. ROBB appeared and made the following statement:

By the CHAIRMAN:

Question. What is your business?—Answer. Plumber.

Q. Are you a working plumber?—A. I am. I have written down my views, so that they may not be garbled, and will not take five minutes to read them. I say to this committee:

"If there is one fact that stands prominently forth in the appointment of the committee which I have the honor to address, it is this:

"The sufferings and wrongs that the laboring population are subject to have become so apparent and so grievous in their nature that Congress in its wisdom has appointed you, gentlemen, as a board of inquiry to discover, if possible, the cause of so much crime, so much prostitution, and so much destitution among the laboring people of this land of overproduction and underconsumption.

"We have, on one hand, untold resources of wealth, and yet with a population spreading over half a continent, and that population no larger than what the State of New York could support under a scientific system of farming, one-fifteenth of the working population are tramps, another fifteenth are criminals, prostitutes, and paupers, and another fifteenth finds spasmodic employment for about one-third of the time; and yet another fifteenth are not more than half of their time employed, and still another fifteenth not more than two-thirds of their time employed, while there is not more than one-fifteenth of the entire working population that are employed for their full time.

"This honorable committee will readily perceive that with such a large population unemployed a very important cause of your apparent overproduction is accounted for. Were those six-fifteenths of our hardy sons of toil fully employed and properly paid for their labor, there would not be one bale of goods in any of our large marts of commerce. So much for overproduction.

"Having briefly stated a few facts that are no doubt better known to this honorable committee than they are to the obscure and humble individual who has the honor to address you, but as you are more particularly to find out the remedy—which I would to God could be made as apparent and as undoubted to your senses as the terrible nature of the disease has become—why are the people suffering for want of food, for want of clothes, for want of shelter? Why is disease the rule and not the exception in the human family? Why are bodies of the most refined and educated but the common sewers of disease engendered in the brothel? There is but no answer. We have made the laws of men our standard and guide, and dethroned the laws of God, and we must come back to keep those laws of God before righteousness, justice, and truth will prevail.

"Men do not gather grapes from thorns, or figs from thistles. By their fruits ye shall judge your rulers. What are those fruits? Frauds, perjury, and crime in high as well as in low places. The judges of your Supreme Court always decide political cases according to their partisan bias. Witness the Dred Scott case and the Hayes-Tilden Presidential contest, both cases undoubtedly decided on partisan principles and against the weight of evidence.

"Where, then, will the people look for justice and relief? It is in vain for Congress to legislate while the wolf is left at the door of every man who lives by toil. You cannot put out a conflagration by pouring boiling oil over it; no more can you relieve the distresses of the poor if you permit an interest-bearing money to exist. The one is just as easily accomplished as the other, no more and no less.

"Now, you gentlemen, honorable members of Congress, are criminal, if not in intent at least in negligence, if you do not discover some means whereby the whole people of the land can be fully, honorably and remuneratively employed. Do not take the way I propose, the way God has proposed, if you can find a better; but know this: God will hold you accountable for every hungry stomach, for every naked back, for every unhoused tramp found in this land flowing with milk and honey. The shriek and wail of the prostitute will sound harsh in your ears when you will be told that with just laws prostitution would have been impossible.

"Again, gentlemen, there are certain things in nature that all men have an inalienable right in, no one man more than another, and those are air, light, water, and last (though not by any means least), land. I am aware that this is a bold assertion, but it is according to Divine law, Lev. xxv, 23: 'The land shall not be sold forever;' and why? What is the reason God gave this command? He says: 'Because it is mine.' No man has a right to give a title-deed away for that which the God of nature has bestowed for the benefit of all."

By Mr. RICE:

Q. How would a man have land to live on if he could not have a title to it?—A.

That could be very easily regulated. The case is so very simple it is hardly worth while answering the question.

Q. Suppose you wanted the house I live in, and I want it too; which is going to have it?—A. Could you live in two houses?

Q. I want the house I am living in, and you want the same house; how would you decide that?—A. I will explain that. If I want your house—under a proper system there is no taxation on your house until another would want it—you would be notified by the register that your house has now become taxable, and as you have the prior right to your improvements on the soil that you have made, you have the right to remain there and pay the taxes that this party offers for the public good. There is no injustice practiced upon you by it. If you say you don't want to pay any taxes, this party is to pay in the value of your property.

Q. I have got to pay whatever any one else offers for it?—A. If your property becomes valuable as a business site, of course all sites must belong to the people, the value of the property must belong to those who create the value. There is no value to a lot of ground in the prairies. If there is any value to the ground in the city it is because there are millions of people living within thirty miles of it. This is a system of slavery that the people are subject to by the ownership of the soil.

Q. Take the question that I asked. My house is in a country town. I have a farm, I will suppose. Some one else wants that. Your idea is that if that person should offer to pay a certain sum of taxes into the common treasury I have got to pay more than that or give up the farm?—A. No; you would have to pay the same. I don't think any injustice would be practiced upon you or any one else. You know in Philadelphia the other day there were six hundred houses foreclosed.

Q. If some one comes and offers to pay certain taxes for the Astor House, the man that owns it has got to leave it or pay it?—A. We suppose the ground is free, and the man only owns the house and the improvements, and the party that is giving the taxes gives it for the site and not for the bricks and mortar. That point could be regulated, but you have not got that in yet. It will be time enough to talk about how you are going to do it when you get at it. It is the doctrine of that Bible that our ministers have dishonored. They have taken God out of the Bible and are now preaching an emasculated religion. Such wolves in sheep's clothing raised a howl because three letters, G-o-d, are not placed in the Constitution, when the Spirit of God is manifest throughout the whole document. Title deeds in land are as great a crime as is a title deed in human beings. If you can save society and save title deeds too, there will be no objection to your plan. But with all your wisdom, gentlemen, you will fail; you cannot cultivate an evil tree and expect good fruit. If you sow the wind you will reap the whirlwind.

Again, gentlemen, whom do we cheat if we place every man upon an equality before the law? Is it our fault that wrong is the rule and not the exception? Is it our fault that men have cultivated selfishness and rolled it like a sweet morsel under the tongue? Are we to blame, who have no hand in making your laws, for the state of affairs that has made it necessary for this committee to sit and take testimony on the condition of the laboring class? We have no hand in it. It is your system that has filled the city with prostitution. It is the system that has carried the people along in a wrong career, and we must arrest this system ere we are expected to do anything with it. Within a stone's throw of where this honorable committee sits a lot of ground cannot be purchased for less than $1,000,000. Now, the question naturally arises, why is this the case when a lot in the prairie is worth only ten cents? Simply because there are one million of people living within a radius of twelve miles of the one, and there may not be a single inhabitant within a hundred miles of the other. To save time I will dogmatically state that in all cases where land is worth more than its pristine value the people are virtually owned, the land only nominally. This is another question for you, gentlemen, to settle. Before it is too late save the people's patrimony and sell no more land. Take back your unrighteous grants to greedy railroad monopolists. Let the government own the railroads, and give the people free traveling.

Q. Do you mean that people are to be allowed to travel free on the railroads?—A. Yes, sir.

Q. Who is to pay for that?—A. It is to be paid by taxes. We are taxed to support a standing army, and we could as well be taxed to bring our wheat to market.

Q. Traveling would largely increase under that system, would it not?—A. It would not unreasonably increase.

Q. Free traveling is a novel idea.—A. You smile; you smile; but there is wisdom in the assertion; there is morality in it; there is justice in it, and that is more than you can find in any part of your present unrighteous system.

To carry out free traveling our standing army must give place to a rotating, self-sustaining army; but to be properly understood it will be necessary to go back to the school days. Children will attend school and graduate at the age of fifteen. They will then spend five years learning some useful trade or profession, and will attend night-school for six months of each year and graduate at a grade fit for the highest

collegiate education. They will then give two or three years, as the needs of the country demand, to the service of their country, during which time they will receive a military education, filling every grade of the military profession without changing their social standing when off duty. A certain portion of each day will be devoted to the highest branches known to science; another portion of the day they will work at the trades they have been taught, and by a well-regulated system of detail or relays every young man, without exception, will work on the public conveyances and the mineral lands of the government. But in no case while under military training shall any man perform more than four hours' labor per day.

The mineral wealth of the land must belong to the whole people. Can you show me, gentlemen of the committee, where injustice would be inflicted on any person if such was the case? The labor of production and nothing more to be the value of the minerals. Do you think, gentlemen, you would have any Mollie Maguires if that law of God was obeyed?

Money must be furnished by the government to any and all persons on good security without interest—when every young man or woman as they enter into the real business of life, at the proper mature age, will be furnished sufficient money by the government to pay for their homestead, and to be returned to the government only in installments, to be mutually agreed upon.

What mankind really needs is a retiring money, and not an increasing money. We want a money that will forever prevent a panic. Interest-bearing money always produces panics, because money is not like corn or potatoes; it will not grow; it only steals labor. But if you must have an interest-bearing money, let the government retain the power and not delegate such power to bankers, thus enslaving the government as well as the people. When our knavish Secretary of the Treasury bowed the knee to Baal and asked the Jew Belmont and his European coadjutors if it would be safe to resume specie payments, he insulted every true American citizen. The bankers said: "We won't ask for gold, but on the contrary will be ready to supply you one hundred millions in case of an emergency. We only want the evidence of debt so that we can live off the labor of your people. All we want is to bind you with a gold chain, and make you our servile slaves."

Politics, or rather the abuse of politics, is another cause of the degradation of the working people. The young of our land are demoralized by looking to politics for a living instead of honest labor, and one reason is, your political positions are too well paid; another is, labor is very uncertain. There ought not to be one political position better paid than the pay given to any honest laborer or mechanic.

To make the laborer equal with the capitalist the laborer or mechanic ought to receive (if you will retain interest) the value of seven days' labor for every hundred he works, said money to be assessed upon those who have lived on the increase of money. You have inflated your gold to such an extent that you have ten or twenty promises to pay when you have only one to pay with. And this is a gold-bearing instrument, and the only way the owners can get their money is by foreclosing on your property and selling, not only the one-third they have held in the property, but also the two-thirds the parties had in the property themselves. Now, there are several ways of remedying these difficulties. You can do it by the government employing every man that is unemployed—that is one way of doing it. There is too much money taken from the people by interest.

I will just state one case which is sufficient to show how it does through the whole. For instance: The heinous crime of interest will be more apparent to you if you just take the single case of Vanderbilt and see the number of slaves he owns through the said power of interest or increase. One hundred thousand dollars is the labor of 200 men; $1,000,000 is the labor of 2,000 men; $7,000,000 is the labor of 14,000 men—at $500 per year, which is nearly double what men have made of late. And that is just Mr. Vanderbilt's quota of the wage slaves of this country. Call it justice if you dare. That is a power we demand of you to curtail, not by taking his money away—let the thief keep what he has got—but by issuing face money to those 14,000 slaves, and in that proportion throughout the whole country, so that there would not be one wage slave in the whole land. He is allowed to accumulate this wealth. I know it is not possible to make a law against men accumulating wealth. Under your system it would be unwise to do it. But we should have a law made that it would be impossible for a person to have such an enormous amount of money and to control such an amount of labor.

Q. Where would you fix the limit?—A. I would not fix it; I would have a law passed that would make it impossible. If you withdraw interest from money, you would make it impossible for Mr. Vanderbilt to live on the labor of 14,000 people. He can go and live in Europe or anywhere, and yet we have got to hand up to him year after year $7,000,000, just the interest of his reputed wealth, which is said to be $100,000,000; I don't know whether it is more or less than that. That shows the injustice of the system. And that is one point your honorable body have to take into consideration. Some means of redress must be taken by the reduction of interest.

There is another thing we want your honorable body to recommend, that no more grants of land and no more public money be given to any of those railroad corporations. It would be better wisdom for you to appropriate one hundred millions to the working poor. It is not unjust for us to ask some of the money that we have helped to create. It is not unjust for us to ask that we be taken out of those cells of tenement houses and placed in the pure air of the prairies, and we would wish you to recommend a plan whereby we could get territory large enough to carry on a State on the benevolent principle we propose. We will return you the money. We are able to work. There is no money made without labor, and if laboring people go into that territory we will pay you every cent; and more than that, we will relieve your cities of a great many of the poorer class who are not able to find employment. It will become a kind of a house of refuge. This ought to be conducted on the co-operative plan, so that every trade or branch of industry in the State could become a government within itself, and the living of every man in the territory would be sure from the day of his birth to the day of his death. There would be no occasion for almshouses or jails. You would not need a standing army to keep the republic in subjection; for all would live under the law of love. We have the Bible to support us in this. You take Levitical law, which says: "Thou shalt take no usury."

Q. Won't you spare us those authorities. The committee are supposed to read their Bibles. Please give us facts.—A. This we bring before you for the purpose of seeing if you could not save some of the land for an inheritance for the people. There are several ways which will be recommended to you, and it will be for you to find out and recommend to Congress which is the best way.

Q. Are you aware that any citizen may now go and enter 160 acres of land without charge, by simply settling on it?—A. Yes, sir, I am aware of that; but I am aware that the same state of affairs would result under the same plan. One hundred years ago we had none of this trouble. The same thing would result. We want to prevent a recurrence of it under the law of equity, so that equal justice can be meted out to all. I can have no equal justice from a man like Vanderbilt that controls all that labor. There is to be given to him every year the labor of 14,000 men to support him, at $500 a year each. It is a startling thing, but it is so.

Q. How many men do you employ?—A. I am employing about three.

Q. Is it an advantage to them that you find work for them to do, and employ them?—A. No; not a bit.

Q. Would it be any advantage to the men who are out of employment in the city of New York if some one would furnish them employment?—A. No; it would not.

Q. There is no need of seeking any means to employ these unemployed laborers, according to your idea?—A. Understand me. I thought you meant for common advantage. All this would be for a temporary advantage, but for a permanent advantage it would not amount to anything. We want permanent relief. Temporary relief would be of no advantage. There is a system of co-operation which I will hand to your body to read, which, I believe, after a careful study of the workingman's case for thirty or forty years—I have brooded over it for a long time, and have come from one idea to another, and with me it is simply a matter of doing justice to men.

Q. Are you sure you have reached a practical working system now?—A. No; and I believe we will have to go on from step to step; but I believe we have reached something that is nearer to it than the system under which we are now living. I further say: While the present system lasts, temporary relief should be given by the government by employing every idle hand at a good salary, making every laborer a liberal consumer. Then you would soon get over your nightmare of overproduction.

Gentlemen of the committee, after you have tried every method and exhausted every device for the elevation of the working classes on the principle of employer and employé, on the principle of rich and poor, on the principle that one part of the human family is "saddled and bridled," and the other part "booted and spurred" to ride the weak and oppressed laborer, you will always fail. No system which cannot lift the poor to a higher plane will ever be of any permanent advantage, and that can only be done through co-operative labor, and I herewith present to this honorable committee a printed document setting forth one method of co-operation.

"Constitution of the Workingmen's Industrial Association.

"The working men and women in solemn convention assembled do hereby resolve to use their utmost endeavors to strengthen the hands of the weak and oppressed, to mitigate and relieve the hardships of the poor but honest toiler. We recognize the cause of suffering, which is the lot of nearly all who live by labor, and often of those who venture to trade in merchandise, to be in the power which the law bestows on those who control the cash capital, which says to the merchant, 'You must cease to sell;' to the mill-owner, 'Your spindles must cease to run;' to the mechanic and laborer, 'You must rot in your cells until I reap my ten years' harvest.'

"At each decade the capitalist is strengthened, his coffers are filled four-fold, while

the men who have created everything in the shape of wealth are reduced to poverty, depending on soup-kitchens for the means to sustain life. To meet the greedy and unrighteous capitalist, to pluck from him the power that wealth gives, we purpose the following plan as a constitution for the conducting of all branches of industry, whether performed by men or women:

"ARTICLE I. Co-operation shall be the basis and the only legal manner for performing manual labor. Every member of the particular branch of industry to which he or she belongs shall enjoy equal privileges, filling in rotation all the different grades appertaining to their business.

"ART. II. Each branch of industry shall have for executive officers a president, vice-president, financial and corresponding secretaries, and treasurer, to be elected annually by the members of the association. The above-named officers shall superintend the banking department. They shall at the close of each day's business certify to the correct amount of cash-balance in the bank. The above-named officers shall also perform the duties of their respective offices at all meetings of the association, said meetings to be held at least monthly.

"ART. III. Each association shall have its own bank, where all money collected will be deposited, the members drawing their remuneration by check, all balances to be credited to the individual member, all profits to be divided *pro rata* by the number of members at the end of every quarter, and the amount thus ascertained to be credited to each individual member. At the commencement of every day's business the executive officers will furnish the banking department a sum sufficient for the day's transactions.

"ART. IV. Membership in all industrial associations to be attained as follows: The sons of members, having reached the age of fifteen years, by right, without a vote. Sons of non-members to be received by a two-third vote. The term of apprenticeship shall be five years. Members traveling shall be admitted by a card and a majority vote.

"ART. V. When the period of apprenticeship is past the member shall be known as a master-workman, and shall perform labor in that capacity till the age, say, of thirty-five or forty. The remuneration for master-workmen shall be one-third more than will maintain a wife and family in comfortable circumstances. When a master-workman has reached the age fixed by the association he shall cease to do actual labor, and act as overseer or superintendent. Duties of superintendent shall be to instruct all as to the best methods of doing work, provide material, and render a correct account of all labor to the clerical department. Superintendents shall be provided with a horse, wagon, and driver, the expense of which to be charged *pro rata* on all work under his charge. The hours of labor will not exceed eight hours. The remuneration for superintendent shall be one-third more than a master-workman.

"ART. VI. All earnings of apprentices shall be placed in a separate and distinct fund, to be called the sinking fund (or widows and orphans' fund). The money so invested shall be for the benefit of any who are unfitted for labor by means of sickness. They shall be entitled to draw from the fund an amount equal to what they would be entitled to draw from the general fund. This sinking fund shall also be held for the benefit of the widows and orphans of deceased brothers, who shall be entitled to draw an amount sufficient to support them in the same circumstances as if the husband or father was living.

"ART. VII. Each industrial association shall provide lectures for its members, on scientific and other subjects which men accustomed to labor are unable to investigate. Amusements, such as concerts, theatrical performances, and sociables, will also be provided for the members, a portion of the profits of the association paying the expenses.

"ART. VIII. Each association will have a general business center, one for each county. Said building, besides being adapted for the business required, shall have a gymnasium, with bowling-alleys and billiard-tables, free to members, young and old. There shall also be one room adapted for sociables, lectures, &c. No intoxicating liquors to be permitted under any circumstances on the premises.

"ART. IX. As it is important that all men and women should retire from active service at the age of, say, 50 to 55 (retaining his or her *pro rata* share of the profits until death), the compensation will be so regulated that each member with ordinary health will be able to retire at that age.

"ART. X. The officers of any association may be removed for neglecting or refusing to perform their duty, by a two third vote of the association.

"ART. XI. As the paramount object of co-operative associations is to secure a living for all men and women the officers of the different industrial associations will form a council, so that all men and women can be placed in whatever branch of industry needs most help, or where they are best fitted. Every person must be engaged at some useful employment, and the hours of labor will be so arranged that all will be employed."

In recommending the above plan as a basis for the government of all branches of the industrial classes, we would state that it does not in any manner interfere with the

wholesale or retail dealer. Goods can be bought and sold in the same manner as at present, with this difference: that the wholesale dealer will have to depend upon his own energy, and not upon the cutting down of wages to starvation prices to increase his business. Neither does it interfere with any person, after he has learned his trade, to go into the business of buying and selling. The above system simply secures to every man and woman, who is willing to work, a sure living for life. The family relation will not be interfered with except in the matter of crowding families into those hot-beds of demoralization, tenement-houses, a sad product of the Christian civilization of the nineteenth century.

And to carry out this plan of co-operation, or one something similar, I would respectfully ask you to give the people one hundred millions of dollars without intent to relieve the poor of the cities, towns, and villages. As we have created all the wealth you can boast of, you would only be giving us our own. After all it would only cost you the price of the printing; it would absolutely cost you nothing. We would also ask you to recommend to the government the desirability of giving us territory large enough to put the grand scheme in operation. We ask no title-deed for the land, and we will give none. We will dispose of the land in the following order: When a man or woman selects his or her site, he or she will call upon the surveyor, who will take note of the land as nature left it. The surveyor will then register in the register's office the condition of said land and the amount of labor required to make the land fit for occupancy, which will be credited to the occupant, and when the house with surroundings, fence, &c., is furnished, the occupant will then furnish a correct account of the cost, which will also be credited to him in the register-books.

We have now got a starting-point without title-deeds. Taxation as a rule will be direct. Houses or lands will only be taxed when more than one person wants the same site, and in the following order, viz: A person desiring an occupied site will state in writing to the register what tax he is willing to pay. The register will then notify the occupant that his site is now become taxable, and if he is willing to pay the same tax he remains and cannot be again disturbed for another year. But should he elect to leave he will have one year to build a home, which he can do with the money he received for his improvements, which will in all cases be the same as the original cost, never more and never less.

ADDITIONAL STATEMENT BY MR. MORRIS COHEN.

MORRIS COHEN made the following additional statement:

I would like to make a statement here. The Socialistic party is a business party. They have got nothing to do with the God and Jesus Christ business. We are asking our servants to do right by us. Our plans are all practical plans.

The CHAIRMAN. Do you belong to the same organization as Mr. Robb?

Mr. COHEN. Yes, sir; but his theory is an individual theory. Every man may think for himself; but let it be understood that our party is a practical party. We are producers and not destroyers.

VIEWS OF MR. HERBERT GRAHAM.

E. HERBERT GRAHAM appeared and made the following statement:

By the CHAIRMAN:

Question. Whom do you represent?—Answer. I am secretary of the Workingmen's Union of the city of New York.

Q. How large a body is that?—A. It is a delegated body; it numbers from sixty to seventy-five members.

Q. They are delegates from other bodies?—A. Yes, sir.

Q. How large is the organization from which they are delegated?—A. I could not tell you that, because in the present state of labor the organization in the city of New York has dwindled down one-half. I suppose the organized labor of the city of New York to-day does not cover over twenty thousand men; it did formerly cover forty-five thousand.

Q. Has your body been represented before this committee?—A. No, sir; I do not represent my organization here now.

Q. You are here in your own individual capacity?—A. Yes, sir; the same as several other gentlemen I have seen here.

Q. Then we ask you to confine yourself to the subject of the causes of the depression of labor, and the remedies you have to suggest, and to not give us a disquisition on general abstract principles; but tell us the causes succinctly, and give us the remedies succinctly.—A. The gentlemen that have been here—they advanced hobbies of their own; I have my own hobby to advance.

Q. What are the causes of the general depression, and what remedies have you to give?—A. I speak in behalf of a large majority of workingmen in New York. My connection has been so close with them that I believe I have got a more thorough idea as to what they think about the government than a great many that have been heard here. I desire, in behalf of a large majority of the workingmen of New York (and my connection with them has been close enough to admit of my speaking for them with much better grace than the purchasable speakers to whom you have been listening), to say that, while they are ready to indorse any method of government that will better their condition, yet it is a question of supply and demand that controls the labor of the country, and to you they look for such a recommendation, such fostering of enterprises that capital may be encouraged to embark in them, and at the same time they are opposed to the immense gifts given to large corporations, whereby some of our most obscure fellow-citizens have risen to affluence without giving any equivalent in return.

I with many others believe the government that governs best governs least, and I thoroughly understand that all the laws of Congress cannot compel me to hire a man without I need him; but at the same time I believe in the greatest good for the greatest number, and when I watch the immense amount of laws in the interest of the few, I think it time to remonstrate and ask for a change. Now, perhaps, after listening to the desires of those you have already heard, you think, with others, that the wants of the workingman are numerous, and may come to the conclusion that under our form of government you can do so little for him without infringing upon the free exercise of his rights as a citizen of this great republic, that it is best to let bad enough alone and recommend nothing. I desire to change your views on that subject by telling you, gentlemen, that we fully understand our situation, and we are bearing up under it with that patience for which the American workman is noted. We do not desire the refugee outlaws of the Old World to come here and attempt to upset our government. We are content with it as it is; but we claim that its administrators, if I may use the term, are false to their charges and recreant to their trusts; that they aid the few to the detriment of the many, and that in the eyes of our law-makers the moneyed man or capitalist is by long odds ahead of the laborer. I do not intend to denounce capital where it is honestly accumulated, but where by stock-jobbing acts of Congress the land of the people is voted away to aid Mr. This or That in his great railroad scheme, it is in the interest of the mechanic and merchant for Congress to interfere and prevent the combinations that are made by the railroad kings to raise the cost of transportation of coal and other necessary commodities, and I think they have the power, or could easily get it from an outraged people.

Q. You know that there was a measure at the last session of Congress, which is still before it, intending to produce the result to which you have referred. Congress is already undertaking, as well as it can, to deal with that question?—A. There is a spirit of unrest pervading the community, caused by continued idleness, and yet I see that little aid can be gained from governmental interference while a general distrust pervades the people toward their law-makers. They look upon them as but the tools of this or that ring, as evidenced by their acts in the past, and until they amend those acts the people will not trust them. This is the feeling in regard to municipal, State, and national governments. They have been promised better times by this and that candidate upon his election until they have about got to the end of their patience.

Q. Why not get some honest candidates of your own and elect them?—A. I hope we will. I know the fault lies on our own shoulders. Yet you can aid the mechanic if you can effect the passage of a general lien law whereby he may be secured in getting paid for the work he actually performs, and not be left in the lurch, as he is now. True, you may say each State has a lien law of its own, and you cannot interfere, but take this State, for instance, and ask the mechanic how much good the law did him except in a chance case where the owner of property was inclined to be honest or not thoroughly posted in the mortgage business.

Q. Could the United States pass a better lien law than your State?—A. Yes, sir.

Q. Why not have the State pass it?—A. We have made that attempt. Our organization has already presented a lien law to the State government at three or four sessions. It passed one House, and lay in another House, and finally lay under the table. We could not bring means enough to bear.

Q. Could not the workingmen of New York secure enough legislators to get the legislature to pass a common lien law?—A. They pledge anything before election.

Q. Afterward they do not keep their pledges?—A. They do not.

Q. Can you not find any one who will keep his word?—A. I tell you, gentlemen, you cannot imagine the feelings a workingman has that has not got paid for his labor; you cannot imagine the feelings of a man who sees his month's labor lost, and is insultingly told to go file a lien if he wants to waste more money. I can take you to three houses not far from here where $55 of my money lies, and the tenants use the stairs every day that I put up, and I never got my money; but the owner draws his rents for the unpaid work and directs his clerks to chuck me out of the office if I come to see

him, as under the law (supposed to be passed in the interest of right and justice) I have no claim on him. Right this wrong and protect the workman in getting what he earns, and you will do us more benefit than if you indorsed all the wild theories of government employment, &c., you have heard advanced here.

No sane man can desire a people's government, as ours is, to embark in the manufacture of materials, and thus bring itself in competition with private employers. Why, the very men who advocate it, in the next breath deny the right of the State government to employ its convicts, so that they may be self-supporting, thus fully illustrating their ability to regulate our general affairs. It was the report of their presence that brought me here, and a desire to prevent the workmen of New York from being again misrepresented by a band of drones who toil not, but do spin some terrible yarns of our wants and suffering. Let Congress lighten our burden of taxation, take its hands off our industry by checking monopolies, reduce the tariff in the interest of the whole country, and stop sectional legislation. We fought long years to keep our country together. Then do not by your actions in Congress proclaim that you are only citizens of your own congressional district, but be citizens and representatives of the United States and pass laws of universal benefit and not local subsidies, whereby you expect to keep your seats; rise above party and represent the people; do right and let time vindicate you; and then the workmen of the Union will be benefited as well as the capitalists; stop the railroad jobs, and when you grant a valuable franchise get an equivalent sum, such as you would demand in your own business, and let the country have the benefit and not the corporation. I would suggest, also, that the Army should be kept for some other purpose than to settle disputes between railroad magnates and their employés, miners and mine-owners.

By Mr. RICE:

Q. We understand you are in favor of the government, but think it should be administered more faithfully?—A. Yes, sir; and I speak for a large majority.

Q. The remedy is in your own hands, is it not?—A. Yes, sir.

By the CHAIRMAN:

Q. What would you suggest as an additional provision of law, or of the Constitution, by which you would get men who would do your work better than your present Representatives? This government was arranged by wise men. How are we to take advantage of that knowledge of yours? What should we do?—A. Hem our lawgivers in by such laws as will make a premium on honesty and not on dishonesty, as it is now.

Q. That is very vague?—A. I am not a law-maker, and don't expect to be.

By Mr. RICE:

Q. Is not the trouble, after all, in the character of the men whom you elect to office? If they knew enough and were honest enough they would make the laws right, would they not?—A. You know better than I do the surroundings of a Congressman in Washington.

Q. But you have got to elect men that will resist those surroundings, have you not?—A. No; I want to remove those surroundings.

Q. How do you propose to that?—A. That is the problem.

By the CHAIRMAN:

Q. What is the cause of the present depression in business?—A. In the first place, we will take our shipping. It has been driven off the seas.

Q. By what?—A. Steam.

Q. Foreign steam?—A. Yes, sir; foreign steam.

Q. What would you do about it?—A. I would tax foreign steamers. I would tax freighting-steamships so high that sailing-vessels could again compete with them.

Q. Would that not add to the cost of the transportation?—A. No, sir; people here would employ the sailing-vessel.

Q. Why would they employ the sailing-vessel?—A. Because it would be cheaper.

Q. They would have to pay them more than now?—A. I doubt that.

Q. Why can they not run now?—A. They cannot compete.

Q. They cannot compete in the cost?—A. In the cost.

Q. If you put a tax on, would you not add to the cost of transportation?—A. Yes, sir; on steamers.

Q. Would that not make the goods which the workingmen use cost more money?—A. On a steamer.

Q. If they can do it cheaper on sailing-vessels, why don't they go on sailing-vessels?—A. They cannot do it.

The CHAIRMAN. Here is a gentleman who has just come into the room (Mr. Marshall), who runs a line of sailing-vessels out of New York and manages to make them pay. He has got a line that is running and has been running here for forty years.

Mr. GRAHAM. He knows, I believe, as well as I do that steamers take back freight as ballast very often at a nominal charge, for the sake of filling up.

Mr. MARSHALL, at the request of the Chairman, here took the stand.

The CHAIRMAN. I would like to ask you, Mr. Marshall, whether you want any protection against steamers for your sailing-vessels?

Mr. MARSHALL. I want no protection of any kind for sailing-vessels as against steamers. My opinion in regard to the decadence of American shipping is that American shipping does not occupy the same position, so far as cost is concerned, that foreign steamers do. We have a prohibitory law, prohibiting us from purchasing our ships in foreign countries, where we can buy them cheaper. If the American ship-owner could obtain his tools, so to speak, on a par with other nations, my opinion is that all American shipping would revive, but it will never revive until it is placed on that footing.

The CHAIRMAN. It is not the imposition of the tax, but the removal of the tax, that will give us a remedy?

Mr. MARSHALL. Yes, sir; and in connection with that we must do away with as many restrictions between our government and others as possible, and that can be only done by bringing down our tariff to a proper basis and taking away those restrictions which impede trade between this country and others. My opinion is that, if you remove these restrictions, you will see an immense degree of general prosperity in the country and a revival of the American shipping interest, because sailing-ships are no longer adapted for conveying the trade and commerce of the world. The carrying freight of the world must be done in steamers, and when my friend talks of taxing steamers in favor of sailing-vessels, it would be like taxing railroads in favor of stage-coaches; and as railroads have superseded the stage-coaches, so must steamships supersede sailing-vessels.

The CHAIRMAN. Do not steamers employ more sailors than are employed by the merchant marine under sail?

Mr. MARSHALL. I think undoubtedly the steam marine of England is employing more men than was ever done in our palmiest days. The carrying trade of this world should be carried in vessels propelled by steam and made of iron, rather than in sailing-vessels, and there is very little difference between steam freights and sail freights. The greater dispatch, of course, is an object; and, as a general rule, the steamers can afford to carry freights on almost the same terms that sailing-vessels do.

Mr. GRAHAM. Mr. Aggrista has stated to me just the contrary of what that gentleman, Mr. Marshall, has said. So I think instead of the government employing more men, they employ too many now. I think the less the government employs the better, because that perpetuates that government in whatever interest they happen to be employed in, and if they are prostituting their administrative powers by leaving such a large cabal under their control, they manage to control the masses; therefore I think the less they employ the better.

The CHAIRMAN (to Mr. Graham). You think the office-holders hold the balance of power in politics?—A. They have an influence.

Q. They have very large political influence?—A. Yes, sir.

Q. Will you give us the remedy for that? I have met that difficulty at every turn since I have been in public life, and I am seeking a remedy for it. Would you deprive office-holders of the right of suffrage?—A. No, sir; nor any other man.

Q. Would you deprive them of the right to go into primary meetings?—A. Mr. Hayes has done that with poor success. I think the pledge of civil-service reform to the man holding office, according to his ability or otherwise, would be much affected.

Q. If a man proved himself faithful in office, that he should remain there without regard to politics, and *vice versa*?—A. Yes, sir.

Q. How are we to deal with the political questions we have? Should we make a law which prohibits removal from office, except upon trial?—A. Yes, sir.

Q. You think that would do it?—A. Yes, sir.

Q. And in regard to appointment to office, would you have men examined without regard to politics?—A. Yes, sir.

Q. And appoint them on their merits?—A. Yes, sir.

Q. You think that would be a good thing?—A. Yes, sir.

Q. Is there any other suggestion you can make about it?—A. Not on that subject.

By Mr. RICE:

Q. What are your views on the subject of governmental limitation of the hours of labor?—A. My belief is in eight hours.

Q. You think that eight hours should be made the limit by law?—A. Yes; and in regard to the contract system, I think the government injures the workman and benefits the private employer by it. In case where the government has work done, they should do it by days' work at the same rate that is paid in the market, and governed and controlled by men that are capable. For instance, in the post-office there is a

railing that goes down the stairs. If you contracted that out to the best stair-builder in New York you could not get it done better.

Q. Would that not have the effect to increase the number of government employés and officers instead of diminishing them, as you stated a moment ago?—A. Whenever a contract is given out, there is a government employé, or half a dozen, sent to superintend that contractor and see that he fulfills his contract. If it is a job in carpenter-work, there is a practical carpenter sent to superintend the contractor and see that he does his work properly. I believe the government could do this work and do away with those men.

By the CHAIRMAN:

Q. Would not all the workmen be government employés?—A. They would have to be appointed on their ability.

Q. Would not some one have to appoint them?—A. Yes, sir.

Q. Suppose I went as a member of Congress to the person having the power of appointment, and said, "Won't you put on Mr. Smith or Mr. Jones, that voted for me in my district?" What would he do?—A. He ought not to do it. Under the present system he does.

Q. But as human nature is constituted?—A. That should be hedged in so that they could not do it.

By Mr. RICE:

Q. Suppose there are 20,000 or 30,000 unemployed men in the city and suburbs of New York without business, and unable to find business by which to earn their living; have you any way to suggest how those 20,000 or 30,000 men should be relieved?—A. You have got to furnish them employment, to employ them, of course, and there the government must step in; but I don't believe in the government stepping in and furnishing employment.

Q. I ask you how would you have those men relieved? You would not have them made objects of charity?—A. No, sir.

Q. How will you get bread for them? How will you have them furnished with work by which they may earn a livelihood?—A. I have advanced the same theory that has been advanced here, and indorse the same theory, anyhow—that is: by taking a large part of the floating mass of the city and letting them go to the prairies.

Q. You think that would be a good idea, do you?—A. That would be a good idea.

Q. Do you think those unemployed people would be willing to go to the country if they were helped to go there?—A. I don't know; it would be "root hog or die."

Q. You would not take them whether they would or not?—A. No, sir; no coercion about it. I guess they would be willing enough. Take my own case for example.

Q. You think if there was some way devised by which people could get on land to make a living that there would be enough willing to go to work hard and live poor to relieve the present pressure?—A. I don't know whether enough would be willing to go, but some would go.

By the CHAIRMAN:

Q. Would you have the government interfere to do that?—A. There again comes in the centralization question.

Q. What do you think about it? Would you have the government interfere to do it?—A. I don't think the government could as at present constituted.

Q. If the government would not, how would you get those people out on the prairies?—A. It would have to be done through private enterprise.

Q. Private charity?—A. No, sir; I say as the government could not interfere it would have to be done by private enterprise.

Q. And not by charity?—A. No, sir.

Q. Who has got the private interest to do it? What motive is there in any private individual, as a matter of enterprise, to do it?—A. There is no man that I know of that has felt well enough toward the workingmen to do it; if there was such a man he would deserve to be remembered.

By Mr. RICE:

Q. Could any association be established here in the city of New York by private action to give expression to this purpose which you speak of, and aid these unemployed men to go where they could earn their living?—A. Yes, sir; it could be done; but then a great many would look on it like charity again.

Q. You say that is the best way to help these poor people to get along?—A. One of the ways.

Q. You say you don't think the government has the power to do it?—A. I am afraid not.

Q. If the government has not the power to do it, is there any one else can do it?—A. Let the government issue bonds for it if it has the power.

Q. But you say you don't think it has the power.—A. I think another cause of our present prostration of labor is the government bonds.

By Mr. BOYD:

Q. Would you not have still to issue more bonds for the purpose of colonization?—A. Yes, sir; but not interest-bearing.

By Mr. RICE:

Q. Who would lend the money on those bonds?—A. There are patriotic people.

Q. It is a difficult question to deal with. Have you anything else you wish to add?—A. No, sir; that is all I have to say about it.

VIEWS OF MR. H. D. SHEPPARD.

HORATIO D. SHEPPARD appeared and made the following statement:

By the CHAIRMAN:

Question. What body do you represent?—Answer. The National Land-Reform Association. It is an association some thirty years old. I have not a written document, but I was requested by the president and vice-president to come here to-day.

Q. How large a body is it?—A. Well, there are more or less of them all over the world. They are not so very numerous, but have been hard workers.

Q. What you lack in numbers you make up in hard work?—A. Yes, sir; some laws on the statute-book are perhaps the result of their labor.

Q. Will you confine yourself to the bearings of your views on the causes of the depression of labor and the remedies? Be good enough to be as concise as possible. You admit there is depression?—A. Yes, sir.

Q. What remedies have you to suggest?—A. I would suggest such a remedy as was applied by Sir Robert Peel about thirty-five or thirty-six years ago to the British nation when it was in a very similar condition to what our people are in now. It was this. The country was in a very similar condition—great multitudes out of employment and great depression and threatenings and mutterings of revolution. The then minister went out and Sir Robert Peel came in; he brought in his budget, I think, in 1842, coming to the point at once, that the burdens upon productive industry were too great; they could no longer go on; that if the British nation was going to maintain her position as a first-class commercial and manufacturing nation, they must take a part of the load off industry and take it on themselves, meaning by "themselves" the aristocracy, of which he was one, a man of great wealth. Out of the twelve hundred articles on which there was a tax, he removed or slightly reduced the tax on seven hundred of them direct, those things considered material to manufacture, and turned around and put taxation upon wealth. The country almost immediately took a new lease of life, as it were, and has been with short intervals prosperous almost ever since, comparatively so. I would say, further, that I believe the depression is caused by the errors on the currency question; that there has been entirely too much inflation instead of providing for the necessities of the country by taxation. I think the first mistake was made by Mr. Chase in undertaking to run a vast war upon a peace basis. He ran it for a year without one single dollar additional taxation from that which existed when it went into war, and I think any country when it attempts to run such a gigantic war in such a way must go to something like bankruptcy and ruin. In relation to the further remedies I would restore the income-tax, with such amendments as Congress might say were necessary from their experience with the old one. When the bill was before Congress for repealing that I wrote and procured to be printed a remonstrance against it, setting forth that I thought it would produce desolation and ruin, and I believe the repeal of the income-tax has damaged the country to the extent of $1,000,000,000, from studying the question as well as I can. I studied it from the days of General Jackson to this time.

Q. Do you remember the amount that was collected under the income-tax law?—A. No, sir; but I think the repeal which took place in 1872 took off about $100,000,000.

Q. From incomes alone how much do you suppose?—A. Well, they removed taxes upon tea and coffee, which took off about twenty millions.

Q. How was it with the income-tax; do you remember?—A. I don't remember the exact figures, but I think the taxes removed were about $100,000,000 per annum.

Q. You stated you thought the repeal of the income-tax law had produced damage to the amount of $1,000,000,000 in the country?—A. I think so.

Q. Do you remember the annual amount collected under the income-tax law? Was it not about $20,000,000?—A. I think it was one hundred million; I think it was very much more than that.

Q. My recollection is that it was under $20,000,000 per annum, and that is the reason why I ask you the question how it could damage the country to the extent of $1,000,000,000.—A. I have not the figures, but I think it was nearer one hundred millions than twenty millions.

Q. I think you will find it under twenty millions.—A. There was a direct tax laid, to be collected by the States, to the amount of twenty millions.

Q. The amount collected under the law at the time of its repeal amounted to less than twenty millions, by the General Government.—A. I know before they repealed the tax they paid off the national debt from ten to twelve millions a month.

Q. You think taxation, if left alone, would have prevented the business depression?—A. Yes, sir. On account of the vast indebtedness of the country, I think we require those taxes, and I wrote about a year ago a memorial upon that very subject, and one of the members of our association gave the money to have it printed and there were some of them printed. The principles have once been embodied in the platforms of several of our parties. The National party, in their convention in Ohio, protested against the repeal of the income-tax, and demanded its retention. The committee that met at Syracuse a short time ago protested against its removal, and it seems that in that repeal Congress repealed pretty much all the taxes that bore upon wealth, and left those that bore on industry standing.

Q. You think it repealed the wrong taxes?—A. Yes, sir.—A. As I gather from the writings of Jefferson, I believe for a nation in debt or at war it is necessary to lay on the taxes, and I believe that is what carried France through her late struggle with Germany. She put on her taxes good and strong, and when Napoleon fell, and the provisional government came in, the first act they did was to add 25 per cent. to the taxes and require it to be paid in ten days, and it was done. Further than that, the country was permeated with gold and silver coin, and the general distribution of the land, and she came out of there like throwing a cat out of the window and landing on her feet. She don't seem to be depressed. I notice the papers of yesterday said there was a great decrease of pauperism in a few years. Her coin currency and the distribution of her land and the taxation in war carried her through. Ours was the opposite of that, and the inflation policy from the start, which has thrown the coin out of our country in its reaction, which is inevitable in the paper system, has brought about all those revulsions.

Q. Do you understand that France has of late years increased in the accumulation of capital?—A. I understand she has increased rapidly in wealth.

Q. And I understand you to say that pauperism has decreased?—A. Yes, sir.

Q. Then the accumulation of capital and the decrease of pauperism have gone on simultaneously in France?—A. With being freed from this disorganization and anarchy of industry which we have in this country, by her going on the cash basis. I made a compendium of my own views, and went in to the editor of the French newspaper to see whether I was correct. He says they have a coin currency strictly at the present time; that is, the paper they have afloat there has almost the representative of it, dollar for dollar, in the vaults of the Bank of France; and that people have in their pockets and in other small ways about ten or eleven hundred million dollars in coin.

Q. Can any country but a rich country have its currency in coin? Must it not be a rich country?—A. Ours is the richest country in the world in natural resources, in the amount of good and productive land.

Q. Could a new country, rich in resources and undeveloped, have a sole currency of coin and be a prosperous country?—A. I believe it would prosper a great deal faster, and more substantial money would abolish the whole paper system.

Q. You would favor the abolishment of paper money?—A. I would admit, perhaps, 20 per cent. in Treasury notes or greenbacks, as they are called—not more than that, and without any other feature of redemption than being receivable in the payment of taxes. The experience in Mr. Van Buren's administration showed that a small amount of Treasury notes would float by no other feature of redemption than being received in taxes. I would commend a premium on gold.

Q. You think redemption in taxation is as effectual as any other kind of redemption unless the amount is in excess of what is required for it?—A. Yes, sir; 20 or 25 per cent. would float their paper. I believe this bank paper redeemable in gold or silver is the worst currency that can be adopted. It is always subject to revulsions, and hence I believe this resumption act is an entire mistake—that the paper should be redeemed by taxation, and that would come to equalize gold and silver—with no other feature of redemption than being received in taxes. Those are the points that have been the salvation of France. It is said that the number of landholders in France is almost equal to the number of heads of families.

Q. You think the underlying cause of the present depression of business is the excessive issue of irredeemable paper money?—A. Yes, sir; and without adequate taxation to redeem it. If Mr. Chase, instead of issuing his paper, had laid on a vigorous taxation, I believe the bonds would have sold for twice as much as they did, and we should not have had to pay the fabulous prices for supplies at the end of the war. The debt need not have been half what it was if he had put on a vigorous taxation at the beginning. That is, we want the lightest tax we can have; but in a big war, and a big debt, if you undertake to shirk taxation, the country goes to the bad inevitably.

Q. I understood you to recommend at the outset the removal of the tax from foreign

imports; you quoted the example of Sir Robert Peel.—A. No; it was internal excises. The taxes were upon twelve hundred articles, largely internal taxes but partly upon imports. He aimed to take it off where it bore upon injury and production, and put it upon wealth.

Q. My object is now to have you explain, in order that it may be consistent, the recommendation you first made in regard to the removal of taxation in comparison with the one you now recommend of vigorous taxation, and from what articles would you remove taxation, and to what articles would you transfer it?—A. I am not sufficiently familiar with the tax bill, but I believe the bill that repealed the taxes in 1872 repealed all that bore upon wealth; and all that bore on industry it left on; that, I believe, was the spirit of the bill. I would act on the reverse; we want taxes upon wealth, and that which bears upon industry as far as possible to be removed. I don't say on the poor, but that which is obstructive of industry.

Q. You do not remember the nature of the tax which was reduced in 1872, except the income tax and the tea and coffee tax?—A. The income tax and the tax upon tea and coffee.

Q. Do you not remember there was a very large increase of the free list at that time—of all materials entering into manufactures?—A. I don't know the details of it.

Q. I think about 600 articles were relieved at that time.—A. It seems to have been a very fallacious relief, because industry began then to decline.

Q. Not in 1872.—A. It began in 1873. As soon as the law began to act it took place. The revulsion took place in 1873.

Q. Would you infer because it took place immediately afterward that it was the cause?—A. Yes, sir. I believe if that one hundred millions had been paid in redemption of the national debt, that one hundred millions, if paid every year, would have to go into some productive employment.

Q. Would you not have had to take it out of some productive employment in order to get it? When you laid the tax to get the one hundred millions to pay the one hundred millions, didn't you take it out of industry to go into the hands of the capitalist?—A. No, sir; not an income tax.

Q. You took it out of the pockets of the capitalists in that case and paid it to them?—A. I think in removing this tax they damaged themselves and the whole country.

Q. That, you know, is assertion. You have to show some good reason for that. As I understand, the income tax took out of those who had incomes of over $2,000 $20,000,000 a year, and that money you would have taken off and paid to the bondholders?—A. Yes, sir.

Q. Would that not, then, have taken it from one set of capitalists and paid it to another set of capitalists, and would it not have been out of employment in business?—A. It didn't affect the capitalist unless he had an income, and it took so much from paid capital. That is, the holder of a bond that is on interest is not compelled to pursue any industry at all; but pay him off his money, and he has to put his money into some kind of improvements.

Q. He could have bought other government bonds, could he not?—A. Yes, sir; but paying off one hundred millions of them would surely put some of the capital into active business.

Q. You would have to take that capital from some place in order to pay them?—A. It takes it from idle capital and puts it into activity.

Q. After the reduction of the tax in 1872 went into effect, do you remember how much surplus revenue the government had?—A. I only remember in general terms that the payment of the national debt was reduced from ten to twelve millions a month down to from two to three millions a month.

Q. As a matter of fact, in the fiscal year following, the surplus was still one hundred millions available for the payment of debt or reduction of debt?—A. The payment of that debt kept the money moving around, and would carry in into productive industry.

Q. Does any one leave money lying idle for the sake of having it lying idle?—A. It is idle when it is in a bond. The holder of the bond is not required to pursue any active industry at all.

Q. Are you in favor of abolishing bondholders?—A. By taxation, I am.

Q. Are you in favor of abolishing other people who own money as well as bondholders?—A. I am not in favor of repudiation.

Q. But as long as capital exists it falls to some one?—A. Yes, sir.

Q. And the man to whom it falls has a right to lend it?—A. Yes, sir.

Q. When he takes it out of government bonds, he will lend it still and get the revenue?—A. Some of it would be likely to go into other pursuits.

Q. Suppose there is a glut, what are you going to do then?—A. I merely quote the difference between this country and France. France paid off by a vigorous system of taxation. Her currency was only about twenty per cent. of paper to eighty per cent. of coin, and she pursued a vigorous system of taxation and escaped this trouble.

Q. Was it not because France was a richer country than this in accumulated capital?

Must it not have been so to have all this money of which you speak?—A. She has undoubtedly accumulated more wealth; but I believe this revulsion was entirely unnecessary; that it was from the maladministration of the government. I don't especially indict Congress, because it went with the current of public opinion, but I believe it was a mistake. I believe that what it ought to do now would be this: It should restore the income tax and wind up the national banks, and, as far as we have paper, have the Treasury notes, or, commonly called, greenbacks. Both law and public opinion would co-operate to have our country permeated with coin as France is.

Q. Then for any but about 20 per cent. of the currency you would have coin?—A. Yes, sir.

Q. Would you compel people to carry the coin about in their transactions or let them get paper?—A. That is the question I asked the editor of the French Courier.

Q. What did he answer?—A. He said that all small business of wages, the butcher, the baker, and retail dealer and laborer, is in coin.

Q. How are the large amounts paid in large business?—A. They use the paper of the bank.

Q. How much is the paper of the Bank of France, do you remember?—A. The last account I read it was about five hundred millions in round numbers.

Q. About 500 millions of dollars in bank?—A. Yes, sir; and about the same amount of coin in bank.

Q. Would you allow the government or the banks to issue paper in this country, provided coin was kept behind it?—A. Not to circulate as money.

Q. Then you would not adopt the plan adopted in France?—A. That limited amount.

Q. Five hundred millions is a large amount?—A. It is scarcely one-quarter of the money in the country. They have about fifteen hundred millions in coin.

Q. About 1,200 millions.—A. There were five hundred million in the bank at last account and one thousand to one thousand two hundred million in the hands of the people.

Q. You have confounded it. It was one thousand two hundred millions in the bank.—A. One economist says, of course that is in the hands of the people; they have got to have it; it is in their pockets and tills and circulating about, and he thought it was over one thousand millions in the hands of the people.

Q. You would limit, as I understand you, our circulation to a governmental circulation of about 20 per cent. of the total amount, leaving 80 per cent. to be had in coin. The money that does the business of this country is about seven hundred millions. Twenty per cent. of that would be about one hundred and forty millions in paper, and that is all you would allow?—A. I think we ought to have one thousand millions in coin and two hundred millions in paper.

Q. How would we get the 1,000 millions in coin?—A. How did we get the silver in place of these stamps? Why, by abolishing the stamps.

Q. No; we bought the silver and issued government bonds bearing 5 per cent. interest and paid for them, and the government is now being taxed 5 per cent. for the bonds issued since for that silver; whereas before it had the stamps without interest.—A. I estimate that the only rational way is to abolish the stamps and let the coin flow in of itself.

Q. Some one has to buy the coin and pay for it. The government obtained it for bonds, and issued them and paid for it?—A. As soon as there is a demand they will flow in.

Q. You will find the Government didn't put a dollar's worth of silver in a subsidiary coin; it only put about 80 cents' worth. It would not flow in, because the government would not let it flow in. The government wanted to make the 20 per cent., and, therefore, it bought the silver and paid it out to the people, and made that money. It is paying interest on that purchase money now. If you want 1,000 millions more, some one has to buy it and pay for it?—A. The products of our country would soon buy it. We have produced over 2,000 millions the last thirty years of gold and silver in our country, and we have very little of it now to help ourselves with.

Q. You would have to buy it?—A. I would have no objection—the kind of paper the silver bill provided for—that the people may carry in their coin and take the paper representative.

Q. Would you allow the coin to be deposited and then paper issued against it?—A. To be exchanged. Issue as much as is properly an exchange. That is, I believe, all the workingmen of this day—if every dollar went into one fund, and they were certain of employment and this would buy the products, they would be a great deal better off.

Q. Take the case of your 1,000 millions, and suppose it was deposited in the Treasury and paper issued against it; would there not be 1,000 millions of capital lying in the Treasury idle?—A. Not what you call idle.

Q. The coin is lying idle and the paper is doing its work, and if all the coin would keep that paper at par, would there not be idle coin in the Treasury?—A. I believe it

is necessary to have it more solidified. Under the present system you are certain to have these revulsions; there is no remedy.

Q. In countries like France and England, where the coin is behind the paper, dollar for dollar, are they any more free from commercial revulsions than the United States?—A. France is very much more free.

Q. Has not France had a commercial crisis during the last thirty years?—A. They have had, probably, from our American customs; when they sent gold to the United States, they have been in trouble and embarrassment.

Q. Are you aware that a commission of the Chamber of Peers has been sitting for the last year upon the pending commercial crisis in France, to investigate the causes of the depression and suggest remedies, and that it has just made a report on that subject—a committee charged with the precise duties of this committee?—A. No, sir; I am not.

Q. That is the fact. The crisis has been so severe in France, and the difficulty of getting employment so great, that a committee has been sitting for a year past, and it has just made its report; so that France, with its solid gold and silver basis, has not been exempt. Has England been exempt?—A. One word about France. It has been almost confined to the operation in United States customs cutting off the costs.

Q. Is France, with its solid gold basis, any more exempt?—A. It has been comparatively light. The Herald of yesterday stated that pauperism has been on the decrease in France.

Q. And capital has been increasing, and there has been a commercial crisis, all going on together?—A. The difference between France and this country is that theirs is on a proper basis, and ours is on what is called faith, and it must play the devil with business.

Q. Then it is the irredeemable feature of our paper money that makes it worse here than there?—A. It should be made to equalize with coin; and I believe bank paper redeemable with coin is the worst possible currency that can be invented. A moderate amount of Treasury notes redeemable by being receivable in taxes would always float on a par with gold and silver.

Q. Has there ever been a safer currency in any country than our present currency, secured by national bonds deposited in the Treasury?—A. The mere safety of redemption is a very small part of the future. I believe the whole revulsion is from a ruinous paper system. I gather that from trying to understand the subject and reading the writings of such men as Hume, and Adam Smith, and Thomas Jefferson, and Paine; and my deliberate judgment is that our diseased paper money is at the foot of it all.

Q. Then you are not in favor of turning the government bonds into greenbacks?—A. No, sir; not in any inflation manner.

Q. Two thousand millions?—A. No; I believe that cry is something like a man with delirium tremens calling out for more rum.

Q. Would you buy the railroads and pay for them in greenbacks?—A. I think they should be run by a company; but there I asked the same question of the editor of the French Courier, and he said the government has a set of commissioners that examine the railroads, and the public interest is much more guarded than it is here; the railroad company is not an irresponsible power, watering its stock and making extraordinary dividends; the right of way is a public franchise, and wherever it is alienated the government should be secured, which is not done in our country.

Q. You think corporations of a public nature should be under the supervision of commisssoners appointed by the government?—A. Sufficient to guard the public interests. That is, for instance, the South Ferry belongs to the city, and is leased. We have a very low ferriage and some revenue from it. If our city railroads were conducted in the same way, they would pay nearly all our taxes and give all the dividends that the stockholders are entitled to. I was told by a man thoroughly conversant with the subject that he believed the Third Avenue Railroad was deriving 70 per cent. on all the money ever invested in it at the present time.

Q. The Third Avenue Railroad, I take it, is owned by people who didn't originally start the road; who bought it as an investment. How would you deal with the present owners? Would you deprive them of this property or compensate them?—A. It might be proper to buy it up; but I do not believe the public franchises should be made the instrument of coining one fortune after another.

Q. Is not that the fault of the legislature who allowed such things at that time?—A. Yes, sir.

Q. Now, how are you going to repair it?—A. They should pay their measure of the taxes, which I do not think they do now, and, if necessary, they should gradually buy up sufficient of the stock to have control of the road.

Q. I believe the constitution of the State of New York says all taxation shall be equal. How do the railroads escape taxation?—A. They do it by watering their stock.

Q. The more you water a stock, and it pays dividends and is worth par, as the Hud-

son River stock is, will that make its value less to pay taxes?—A. No; but they have a way of covering up a dividend of 30 or 40 per cent. by doubling the stock.

Q. Whose fault is that?—A. It runs all through the community, legislators and all.

Q. Is it not the fault of the community itself? Is the community sufficiently honest itself to enforce the laws and get justice?—A. The community has failed to attend to its business properly in the matter.

Q. Then you think the community should do its duty better, and then its servants would do better?—A. Yes, sir. Here is a memorial which I wrote and got printed about a year ago, and it has already found its way into the platform of some of the public parties:

"*Memorial for the removal of the causes of the terrible stagnation of industry and business.*

"*To the Senate and House of Representatives:*

"The subscribers and citizens of the United States respectfully represent that the great indebtedness and the interest to be paid thereon is the incubus that is prostrating industry, trade, and commerce in the dust and carrying the country rapidly to poverty, bankruptcy, and ruin.

"The aggregate amount of this indebtedness, including national, State, municipal, railroad, bank, insurance, bond and mortgage debts, &c., as set forth in recent statements, is over rather than under ten billions of dollars. A large amount of this indebtedness is held abroad. This is five or six times, and some estimate ten times, as oppressive as that held at home. With the latter, the interest is paid and spent at home.

"The aggregate of this interest is so great a load to carry that we believe it is not possible for industry and business to revive to much extent unless a large part of this debt is swept away by bankruptcy and consequent repudiation (which now seems impending), or else paid off by a vigorous system of taxation upon the wealth and income of the country (exempting a moderate income as the recent law did). Such a system of taxation would, we fully believe, speedily revive industry in all its branches with trade and commerce, increase values and incomes, so that all parties, including the payers of these taxes, would be much better off. All would, in the end, be amply paid, and more than paid, for the sacrifices they had made.

"Nations indulging in the honors and luxuries of big wars and great national debts must pay big taxes or they will speedily go to industrial and commercial ruin.

"When the late income-tax was collected and the national debt was being paid off at the rate of about one hundred and twenty millions of dollars per annum, industry, trade, and commerce was prosperous and good. When the income-tax was repealed, industry and business began from that very time to droop and languish, and has grown worse and worse ever since, and will continue to grow worse until this will be one of the worst countries to live in, excepting it be for the wealthy few and the holders of stocks, bonds, mortgages, &c. Already emigrants are leaving the country by the thousand. It is the thrifty and energetic that leave, leaving the lower grade of tramps, the paupers, and criminals behind. There is no hope for the country until a very large part of the indebtedness is swept away, either by bankruptcy or repudiation, or canceled by a vigorous system of taxation upon wealth. Your memorialists further request that you will without unnecessary delay substitute the National Treasury notes for the notes of the national banks, and cancel national bonds to that amount, thus saving to the country some twenty millions of dollars per annum."

VIEWS OF MR. A. STRAUSSER.

A. STRAUSSER appeared and made the following statement:

By the CHARMAN:

Question. What is your business?—Answer. President of the Cigar-Makers' Union.

Q. Are you an employer or a workingman?—A. I am a workingman.

Q. You employ nobody?—A. No, sir. I am not an employer, but am working for wages every day. Mr. Chairman and members of the committee, I want to state the causes of the depression simply in the cigar-trade and not in any other trade. It is a singular fact that, although the making of cigars has continually increased, the number of the unemployed has increased in the same ratio also, or about nearly in the same ratio. I will state here that in 1868 there were 590,000,000 of cigars manufactured in the United States; in 1870, it increased to 1,143,000,000; in 1872, it increased to 1,500,000,000; in 1873, the year when the panic commenced, it increased to 1,800,000,000: in 1874, the time when the panic was raging, it increased to 1,800,068,000; in 1875, it increased to 1,967,000,000; in 1876, it decreased 59,000,000.

Q. So that in 1876 it was within 59,000,000 of the highest product in 1875?—A. In 1876, it was 1,908,000,000.

Q. What was the largest product at any time?—A. 1875. I don't know the statistics of the last two years.

Q. Do you think it has fallen off or increased since 1876?—A. I would like to ask one favor: allow me to make my statement in full. After I have finished my statement, I am ready to answer all questions. I think it is taking an unfair advantage of a man who has to work ten hours a day for his living to be asking him questions from three or four sides. I am ready to reply to everything after I get through with my statement, and to give the number employed in the various cities of the United States during six months, and to prove the cause of depression, and at the same time I propose to prove a practical remedy between the limits and between the laws of the United States. I will also state that during these times of depression the manufacturers of New York and New Orleans started to export cigars. They are sending cigars now to England, Belgium, Canada, and the greatest portion is sent to Germany. So we are now in the condition of underselling the so-called pauper labor of Europe. I will give you here a few statistics about the unemployed in the various cities of the United States.

For instance, Philadelphia has 3,000 cigar-makers. In the month of February there were 500 unemployed; in the month of March there were 600 unemployed; in the month of April, 500; in the month of May, 1,000; in the month of June, 3,00; in the month of July, 300. Take Utica, having 100 cigar-makers: In the month of February there were 20 unemployed; in the month of March, 20; in the month of April, 20; May, 30; June, 20; and July, 16. New Haven, having 65 cigar-makers, there were in the month of February unemployed, 22; March, 26; April, 26; May, 65; June, 58; and July 58. Here is the city of Brooklyn, having 500 cigar-makers: In the month of February there were unemployed, 70; in the month of March, 90; April, 60; May, 60; June, 20; and July, 20. In Denver, Colo., there are 20 cigar-makers. In February there were three unemployed; March, 3; April, 3; May, 3; June, 5; and July, 6. Detroit has 600 cigar-makers. In February there were unemployed, 200; March, 200; April, 150; May, 125; June, 120; and July, 100.

This is about the condition of every city of the United States. I see the monthly reports from every place where we have a local union, which is about in every city in the United States, and at the same time there are a great many tramping the country in search of employment. I could show you by the Cigar-Makers' Journal that every report says: "Tramps keep away; there is no employment." Outside of these I will show you how the cigar-makers have suffered last year. In one month there were four suicides for the want of employment, and in this State, in about nine months, there were 27 suicides of cigar-makers, besides a great many in outside States. I will show that about a few years ago they contemplated emigration to Europe. At least, it was discussed in our Journal. I will show that the number that emigrated to Europe was larger than those that came here. At that time when it was discussed, we received a communication from the secretary of the cigar-makers' mutual association of London. He stated that during three years 40 men emigrated from England to Australia and America, and 97 returned from America. I have no official reports from other countries, but it shows the condition of the cigar-makers of Europe must have been far better than that of the cigar-makers of America. There are two causes for it. I will also say something about the condition of the cigar-makers of Ohio. By the first report of the bureau of labor statistics made to the general assembly of Ohio for the year 1877, you can judge of the condition of the cigar-makers in America.

"Cigar-making.

"It is doubtful if the employés of any trade or calling in the State, or in the United States, have been reduced to greater extremities than have been the cigar-makers.

"Previous to the year 1861, no class of employés were more absolutely independent of employers than were the cigar-makers; large manufactories were the exception; the retailer of cigars was, as a rule, the manufacturer. A journeyman cigar-maker, if dissatisfied with his wages or conditions of labor, required but a very small capital to become his own employer, and sold directly to the public without the intervention of middlemen. Every town and village with a consuming population large enough to consume the product of the labor of one cigar-maker had that cigar-maker in their midst.

"Since 1861, however, the whole system has changed, not by the introduction of machinery or a division of labor that has caused such radical changes in other occupations, but the entire change has been brought about by the action of the general government in devising a system of taxation that drove the business into large manufactories, and compelled the cigar-maker to become an employé, working for wages, or a mere retailer without the privilege of making his own stock. Machinery has been introduced into the manufacture of the commoner grades of cigars, but it is neither so expensive nor creates such a division of labor as to prevent the individual cigar-maker from purchasing and operating it, if the government restrictions were removed, or modified. As it is, men and women are huddled together in manufactories, under

conditions that tend neither to health nor morality, and at wages that will barely keep starvation away."

That is the condition of the cigar-makers in Ohio. In 1872 a selector received $15 a week; in 1875, $18, and in 1877 he received $10. This is one of the better branches of the trade; while the cigar-makers in the State are earning about between $5 and $8 a week, and they have to support a family at the same time. Although the production has increased nearly double and treble, during the panic, still the condition of the cigar-maker became worse. It shows a bad condition in spite of all the theories of the political economist.

Now, as to the causes. On one side there was introduced the coolie labor; 3,000 coolies are working in the city of San Francisco at the present moment at cigar-making, and in New York there is another evil quite as bad as the coolies in San Francisco, and that is the tenement-house cigar-making, a shame and a dark spot on our cigar-making, well known to every one in the city. I will say how many families have been employed in that way during our struggle: Ch Bardy, 112; Stratton & Storm, 192; Lichtenstein Bros., 150; Hirschborn, 120; Holzman & Deutschberger, 74; Kerbs & Spiess, 75; Sutro & Newmark, 52; Levy Bros., 52; George Bense, 72; Mendel Bros., 25; Dansky, 20; Waugler & Hahn, 10; Foster & Hilson, 32; Kohn & Kander, 12; Meyer, Feist, & Levy, 14; Heilbronner & Joseph, 40; Kaufman Bros., 8; Schwarzkopf, 24; Adler & Laudoner, 9; Engel, 8; Lindheimer, 16; Solomon, Fortieth street, 16; Simon Bros., 9; Bernhard Wittich, 17; Jansen, 8; Weigner, 8; Jacoby, Ridge street, 50; Blasskopf, 24; Edward Smith, 18; Total, 1,268 families, of which about 125 have been scabbing since the last four weeks. Now, I have been, myself, in these houses during our strike. I went into a room of a house or a so-called factory owned by the president of the Cigar Manufacturers' Association, Edward Smith, No. 11 Bowery. The furniture in that room was not worth, to my estimation, $5. It was on a Sunday morning; the children ragged; the man and wife looking as tramps, or worse looking than tramps—paupers. And these people are working day and night from 14 to 18 hours—children, man and wife—and Sundays included, and they are hardly able to make a living; and they were so in the power of these capitalists that during our strike the so-called partners of capital and labor, the one side of the partnership, dismissed 1,000 families; 1,000 familes were thrown out into the public streets by the constable. This is a condition of things which should not be tolerated, and the government, I claim, has the power to remedy that evil. I will read to the committee a letter dated November 22, 1877:

"TREASURY DEPARTMENT,
"OFFICE OF INTERNAL REVENUE,
"*Washington, D. C., November* 22, 1877.

"J. H. HALE, Esq., *Revenue Agent, Buffalo, N. Y.:*

"SIR: This office is in receipt of your letter of the 19th instant, asking for its opinion as to what constitutes premises or apartments of a cigar manufacturer. I reply that it cannot be anything less than an entire room separated from the other parts of the building by actual and permanent partitions. The law does not allow the sale of cigars at retail in quantities less than an entire unbroken box of 25, 50, 100, 250, or 500 cigars at the factory or place where they are made. This provision of the law cannot, with the sanction of this office, be rendered null and void by permitting a manufacturer to use one-half of the room as his factory, and the other half as his sales-room or store, simply dividing or separating the two kinds of business by an imaginary line, or by a temporary railing or fence, or by any other like expedient. (See sections 3387, 3392, and 3297, Revised Statutes of the United States; also Form 36½, and Special Number 85, Revised, page 20, paragraphs 18 and 19.)

"Yours, respectfully,

"GREEN B. RAUM, *Commissioner.*"

On January 10, 1878, a communication, of which the annexed is a copy, was sent to the various internal-revenue collectors throughout the country:

"TREASURY DEPARTMENT,
"OFFICE OF INTERNAL REVENUE,
"*Washington, D. C., January* 10, 1878.

"SIR: Referring to the letter from this office, under date of November 22, 1877, addressed to Revenue Agent Hale, and published in the Internal Revenue Record, December 10, 1877, in which it was held that the premises or apartments of a cigar manufacturer cannot be anything less than an entire room, separated from all other parts of the building by actual and permanent partitions, I have to inform you that since the issue of that letter I am in receipt of numerous communications from collectors and others, going to show that, in the large cities at least, a very large proportion of cigar manufacturers have only a temporary partition, in many cases a slight railing, in some cases no dividing line whatever, except, perhaps, an imaginary one

between the part of the room used for manufacturing and that part used as a store for retailing; that many of those manufacturers have leased their present premises with a view of carrying on the business in that way, these leases generally expiring on the 1st of May, or at the end of the special-tax year. And, further, it has been represented that it would be, in many cases, a great hardship to require, at the present time, such a change to be made as would be necessary in order to carry into effect the rule laid down in the letter of Revenue Agent Hale.

"You are therefore instructed not to require in your district, at the present time, nor until the commencement of another special-tax year, the enforcement of that rule, except in cases where you have strong reason to believe that frauds are being committed.

"Respectfully,

GREEN B. RAUM, *Commissioner*."

Afterward he was interviewed by the president of the Manufacturers' Association, and another member of that associaton, and he wrote this letter:

"TREASURY DEPARTMENT,
"OFFICE OF INTERNAL REVENUE,
"*Washington, D. C., January* 11, 1878.

"EDWARD A. SMITH, Esq.,
"*President National Cigar Manufacturers' Association*, 11 *Bowery, New York:*

"SIR: Your letter of the 9th instant, with an article taken from the New York World, entitled 'Tenement Cigar Manufacturing,' has been received and duly considered, and in reply I have to state that the article in the World misrepresents the purport of the conversation I have had upon the subject of tenement-house cigar-making. I have stated that if this was a new question, I would be strongly inclined not to allow the bonding of a block of tenement houses as one factory; but that under the rulings of this office allowing the system to be adopted, large interests had been built up, and I was not disposed to disturb existing arrangements [good fellow!]. The difficulties of cigar manufacturers are great enough already without being aggravated by the hasty or harsh action of this office.

"Very respectfully,

"GREEN B. RAUM, *Commissioner*."

Now, he simply writes a document stating it is a shame and a disgrace and unhealthy but at the same time he states that he has it in his power to disturb those interests, but he is not inclined to do so. Another thing I would say, how the interests of the manufacturers are guarded, and the interests of the cigar-maker are not considered at all. They are only existing as so many slaves. I will show that the Internal Revenue Department is protecting the interests of the employer, and not protecting the interests of the workmen. Stratton, Storm & Sons sent some goods to London, some samples of tobacco. These samples of tobacco were confiscated for some reason or other. Mr. Evarts and our minister to England have been acting as clerks of that firm in order to recover those few samples of tobacco. I claim that what is done in the interest of 40 or 50 cigar manufacturers should be done in the interest of the cigar-makers, to the interest of the workmen. I simply claim that those special interests of the cigar-makers should be considered just as well as the interests of the manufacturers. That is my claim.

Now, Mr. Chairman and gentlemen of the committee, I stated here that the cause of the ruin of the cigar-makers was the introduction of coolies into San Francisco on the one side, and the tenement-house system of New York on the other; but I can state that, not only the cigar-makers are opposed to the tenement-house system of New York—I can state that all manufacturers outside of the city are opposed to the system, and I can prove it; for I have a trunk full of letters. Every cigar manufacturer in the United States outside of the city is opposed to the system. The cigar manufacturers of Detroit have held several public meetings denouncing that system, and not only that, but over half of the leading manufacturers of this city are also opposed to the system. They have published a communication in a number of the "Tobacco Leaf," stating that the government through that system is suffering a loss of revenue. How? Those cigar-makers are receiving such low wages. That is, they are not really working in the factory of the employer; they are working in their own rooms. Although the Commissioner says one room should be a factory, he says a whole block would be a factory, and they pay license for only one block in spite of his official communication. Now, those cigar-makers receive too low wages, and they get a certain amount of tobacco. They work all day, and for 1,000 cigars they make 1,100, and that 100 is sold without paying taxes. They go around to the butchers, grocers, and bakers and give cigars as payment for bread, groceries, and meat. Such a thing could not occur in a factory. The factory is closed at six o'clock. No cigar-maker

can take along 100 cigars; there is no show for it, and no chance; they are under entire control. But there they are not under control, and I say the government loses millions by that.

There are two sides. On one side the government loses revenue through that system, and on the other side all the cigar manufacturers of the United States outside of those twenty are opposed to it, and all these small manufacturers. In fact, not only cigar-makers are opposed, but the whole city of New York is opposed to that system, and has expressed it in our strike in the sympathy we have received from the community. The whole city is opposed to it, and I believe there should be action on the part of Congress; and how? What I propose as a remedy against that system is that after the 1st of May, 1879, no license shall be granted any more to tenement-house factories. This will give a chance to employers to rent new factories, and their leases are running out by the 1st of May, so there will be no loss on either side. Another thing, it will give additional employment to those cigar-makers out of work. These people are now working from 14 to 18 hours a day. If you go there at 12 o'clock you will find them making cigars, and if you go there in the morning you will find them making cigars, Sundays included. The cigars they are making would give employment, if the tenement-house system was abolished, to 500 cigar-makers. I showed you the industry has increased to such an enormous extent during the past that we are underselling pauper labor in Europe, and at the same time cigar-makers are unemployed through our system, because one does the work of five. I claim that the government should step in, and I say there is plenty of time to do it by the 1st of May, 1879; and by that way I believe prosperity will increase, and no cigar manufacturer will go bankrupt through this system, and will have a chance to start in trade again; and I think the cigar-manufacturers in general would be more satisfied with their condition than they are now. I am ready now, Mr. Chairman and members of the committee, to reply to all questions you may have to ask me.

By the CHAIRMAN:

Q. What is the authority for the statistics you have given us of the number of cigar-makers employed and unemployed in the country?—A. Local unions of the organization of cigar-makers.

Q. I noticed, in giving figures, you almost always gave even numbers, rarely ever giving odd numbers. Are those the returns actually made to you?—A. Yes, sir; they are returns received.

Q. I ask you if those even numbers are the returns received?—A. Yes, sir.

Q. And of the number unemployed in the same way, I noticed very often they were 50 and 100.—A. Every month a blank is sent around to every local union: "State how many cigar-makers in your city; how many cigar-makers belong to your union; how many cigar-makers are out of employment; what is the lowest price for which you work; what is the highest price; and state all particulars in relation to the trade." Now, this blank is received monthly from all over the United States by mail.

Q. And they come back to you in the form of even numbers?—A. I have stated in the neighborhood of the number. I don't say it may not be 301 or 290. That is the estimate, judging by those who have been discharged, and judging by those who belong to the organization. I think we know our business in that line best, and I don't think any one is better able to give any information in regard to that than those engaged in the trade as to how many are employed and unemployed.

Q. You say the origin of your troubles is twofold; first, the coolie system, and, second, the tenement-house system?—A. Yes, sir.

Q. Would you prohibit coolies from being employed in the manufacture of cigars?—A. I am not opposed to the Chinaman, or any nationality; but I am opposed that John Chinaman or any one else should be imported here as a coolie under contract. I don't agree that the Chinaman must go. I cannot agree with that, because you might as well say that some one else must go. That is wrong; I cannot agree to that. I am not in favor of that; but I am in favor not to tolerate the direct importation of coolies by contract.

Q. Is there anything in the law in this country which prevents one of these Chinamen from going where he will?—A. I don't think there is.

Q. Suppose a silk merchant wanted to get people to work in his silk factory, would you oppose his employing them under a contract for five years?—A. I would.

Q. You think he should not be allowed to introduce skilled operatives into this country?—A. No; I am in favor of that, but opposed to their being brought here as slaves.

Q. Under a contract that he will employ them for five years, and that they will work for five years, and that he will pay them a certain rate of wages during that time, are you opposed to that?—A. The coolie is not brought here under that system. You state a new question.

Q. I am trying to define what your views are.—A. I suppose you have read the reply of Senator Sargent.

Q. I have. I want to see what limits you are going to put upon the employment of

the industry of foreigners.—A. I am not proposing any limits. I don't care if 500 Chinamen came to this country on their own hook. I don't oppose them, or any one else, if they are not sold or kidnaped, as it is done in China.

Q. When they get here, what law is there of the United States which holds them in slavery when they get here? Why are they not as free as you and I, or anybody else?—A. I suppose you should know something about history.

Q. I do know something about history. I ask you what law of the United States we can amend, or alter, or repeal so as to make the Chinaman any more free than he is to-day?—A. I don't suppose there are any laws here which force him; but the Chinaman, his religion and his habits are his law.

Q. Are you opposed to the importation of a Chinaman?—A. I am opposed to the importation of Chinamen as coolies.

Q. When he comes here, is he a coolie?—A. Undoubtedly he is.

Q. There is no law of the United States which makes him so. It is contrary to it.—A. It is contrary to the laws of the United States to import these Chinamen as coolies. Why do you tolerate it?

Q. Point out some law of the United States which we can amend. We don't allow coolies to be imported. They are not coolies when they get here; they are as free as you and I to go where they will.—A. I would say simply not tolerate such contracts that would make men slaves.

Q. Would you have us make a law in regard to contracts made in China between Chinese?—A. I don't suppose our jurisdiction goes over China; I suppose the question is superfluous.

Q. You say you would not tolerate such contracts; but the contracts are made in China?—A. I am only opposed to bringing them here under contract.

Q. You would not allow Chinamen to be brought here under any contract?—A. Yes, sir.

Q. Would you object to Frenchmen being brought here under contract to introduce the silk business?—A. Yes, sir.

Q. You won't allow any one to be brought here under contract?—A. I am opposed to it.

Q. You are opposed to the importation of foreign artisans on contracts?—A. Yes, sir; as coolies.

Q. Would not the same trouble be experienced anywhere if cheaper labor was found to do that work?—A. There is no other country that a system of tenement-houses exists in.

Q. Would you keep those who live in tenement-houses from work?—A. I would give them increased employment. My idea is that those manufacturers having now the tenement-houses should be compelled to start regular factories.

Q. You mean that they should not work in their tenement-houses?—A. No, sir; the government should not grant any license to tenement-house cigar factories.

Q. Take a tailor who makes overalls and sells them. Suppose he sends the work out—piece-work, to women to do in the tenement houses—would that not lead to the same depression in that business that the making of cigars does in the way you speak of?—A. I am no tailor; I am a cigar-maker, and I intend to confine myself directly to the cigar trade and nothing else. I don't know anything about the tailoring business.

Q. I was inquiring for the purpose of seeing whether you could give any reason, or enlighten us in any way so that we could see, if tenement-house work was prohibited in the matter of cigar-making, whether other trades might not call upon the law-makers to make laws prohibiting work being done in the houses in their respective trades or kinds of work. You have represented your class admirably well. There is no doubt about that; we see the difficulties; but the question is whether your trouble don't arise from the fact that those who employed you heretofore, for some reason or other, have found a way by which they can get the work done cheaper?—A. Did you ever see the proprietor of an iron foundery representing the interests of the tailors? Can you show me, in the history of the legislation of this country, that the owner of the silk mills in Paterson ever represented the interests of the tailors or the shoemakers? I represent that one industry, and I came here asking measures for that industry alone. If the tailors are in favor of legislation, let them step up here and represent their interests.

Q. You would not expect laws to be made to protect one single kind of article, when the same difficulty existed in other manufactures which would have to be protected if that was protected, would you?—A. I am surprised that a legislator should ask that question. The legislation of this country, your protective tariff legislation, and other legislation, shows that certain interests have been protected. I claim the same thing; I claim the protection of my interests.

Q. You want cigar-makers to be protected, and others to be taken care of, or not, according as it may happen. You want some special legislation for cigar-makers?—A. Yes, sir; I cannot represent anything else. If I was a tailor, I would represent the tailors. All business is under the control of the government, to a great degree, as you have seen by the report from Ohio. Therefore, as this industry is under their control,

it is their duty to legislate as well as they did legislate in the interest of the manufacturers—in doing their work as clerks. I claim the same privileges and the protection of the same interests.

Q. Would you be in favor of having the tobacco business done as it is in France—the government make the cigars and employ the laborers?—A. No, sir; I am opposed to it.

Q. That would be a very good method of regulating wages?—A. I believe the trades-unions will regulate that themselves.

Q. You don't believe in the government regulating work at all?—A. No, sir; the trades-unions will enforce good wages.

Q. But you do believe in government legislation as to the mode of carrying on the business?—A. I believe in the interference of the government in this instance.

Q. In the case of cigar-makers, who are suffering, you think the government ought to interfere?—A. In the tenement-house system, certainly.

Q. I understand you that these tenement-houses are licensed as factories?—A. Yes, sir.

Q. And you want that they shall be no longer licensed as factories?—A. Yes, sir.

Q. And you propose that there shall be no person allowed to live in a tabacco factory?—A. I propose that no license shall be granted after the 1st of May, 1879, to those factories known as tenement houses.

By Mr. BOYD:

Q. Under that system manufacturers get rent for their own factories?—A. No, sir; the men working in those places pay the rent.

Q. The manufacturer gets rent for each tenement-house from his employés?—A. Yes, sir; and he has, therefore, a great advantage over all the manufacturers of the United States.

Q. That is one of the objectionable features to it?—A. Yes, sir.

VIEWS OF MR. WESLEY PASCO.

WESLEY PASCO appeared and made the following statement:

By the CHAIRMAN:

Question. Are you here on your own individual account or as a representative?—Answer. On my own individual account.

Q. What is your business?—A. Printer and publisher of a newspaper.

Q. Are you an employer or an employé?—A. I am an employé.

Q. And you work for wages?—A. I do.

Q. The committee will hear what you have to say; and confine yourself as far as possible to the matter before the committee—the causes of the present depression and the remedies you propose.—A. I think you know the cause of the present depression is owing chiefly: first, to the absorption of capital by the war and the destruction of property during the war; secondly, the building of too many railroads which have not gone into use; and, third, the stoppage of business enterprises, occasioned by this panic. Every year borrows from capitalists for the use of future years. Buildings are put up in 1874 for use in 1875 and 1876; that capital has not been used in that manner during the last four or five years, consequently workmen have not been employed in the construction of houses, digging stone and iron-work, in making iron, nor in any kind of labor employed in the business which would be carried on in that business. The causes of the depression are here exactly the same as existed in England after the close of the war of 1815, or as exists in Germany at the present time—an expenditure of money beyond our present means; just the same as if I should take my wages on Saturday, and should for two or three days live in the most expensive hotel in New York City; I should have no money at the end of the week. That is exactly the condition of the United States. We thought we were able to pay for the expense of keeping this Union; we did pay for it; but we paid very heavily for it since; and the prostration of industry is the direct result of that. We have lost, also, by the fact that not as many emigrants came into this country during the past years as before. They may have done so after the close of the war; but they are not doing so now. Every emigrant brings in a capital of $100 in money, besides the value of his own labor and that of his family. The German and the Irish emigration is less than it has been; we have lost in that respect. We have also lost from the fact that capitalists will not invest with us as they have in former times; that is what I think is the cause of the depression.

Q. Do you think the irredeemable paper money has anything to do with it?—A. I don't.

Q. That has no influence?—A. No, sir.

Q. It makes no difference whether you have gold, silver, or paper?—A. Gold, silver, or paper; we have had so many transactions during the war that have matured in paper or in gold, the amount of business transacted has been exactly the same, as far

as regards ourselves. As far as regards foreign nations, we may have suffered by the use of paper money.

Q. Would an excessive issue of paper money following a gold basis be likely to promote speculation?—A. It would.

Q. Didn't you say we were suffering from the effects of the speculative period during the war?—A. Yes, sir.

Q. Did the paper money have anything to do with producing that speculative era?—A. Yes, sir; but the trouble we are laboring under now is the absolute loss of capital.

Q. Would we have lost so much if we had not had an era of speculation instead of industry?—A. The money I may have invested in some enterprise which would have paid me well during the period after the war, that property passed into the hands of other persons who were more provident than I was, and the whole effect is the country at large is not affected; it simply passed from Peter to John; the amount of capital here remains exactly the same.

Q. People undertook expenditures?—A. Yes, sir; and it passed from the hands of the reckless and extravagant ones into the hands of the provident ones. The improvident ones are suffering a loss now. Those who were provident and careful are not suffering.

Q. Is that statement correct? Suppose I trust some man beyond the capital that he possesses, and beyond his proper means, and he don't pay me—does not the provident suffer for the improvident?—A. No; you may have suffered, but he is gone. The property still remains; his money passed from one hand into another.

Q. You say the provident do not suffer and have not suffered. Can you state the provident people who have not suffered?—A. Provident people would not suffer in the case I mean, because a provident man would not lend money to men that were not competent to pay.

Q. He might be provident and be deceived?—A. Yes, sir.

Q. You think it is only improvident people that lose money by lending it?—A. They are improvident by lending money; it is injudicious; I should have used that word in the beginning.

Q. What remedy have you to suggest for this?—A. I have no particular remedy to suggest. I think the state of the country at present cannot be altered. It may be altered in the course of time, so that things may be made better than they are now. In the first place, we want stability in our government; we want less laws passed. When the legislature of the State of New York first made laws for us, they were enabled to get all their bills printed in a thin little volume. In 1873 they made two very apoplectic octavos of some 900 or 1,000 pages each. The laws are getting continually changed. We have too many laws. That is the case with the tariff. The tariff is continually being changed; if it is not the free-trader, it is the protectionist; and if it is not the protectionist, it is the free-trader. And so with almost all the laws of Congress; they all affect our prosperity; they are always wanting them changed. If Congress could be limited to the enactment of a certain number of laws in a year, it would be a great advantage. I had an opportunity once to look at the laws passed by the State of New York at one session, and I should say, with the exception of the appropriation bill, that all the laws that were passed by that legislature might have been put in fifteen pages. Most of the laws were of no value; they were simply as experiments, the same as if I should in my parlor put a sofa on one side of the room one week and the next week put it on the other side, and a friend should come in and say, "You have got that sofa in the wrong place and I would change it."

The post-office authorities, without consultation with newspaper publishers, amended the law some two years ago, declaring that newspapers for advertising purposes should pay a tax at the rate of one cent for each two ounces. Nobody had asked for that law; no one cared about that law; it was done simply because no one knew enough about the law. When it came to practical operation in this city, it cost $5,000 to get the decision reversed. The post-office acknowledged they were wrong; it cost Demorest's monthly $1,400 before the law was changed. It must have cost the importers of New York $20,000 for changing a law which was of no value to the Post-Office Department or us, and they are proposing now to enact a law by which a man can earn a living professionally by contesting it.

Q. There must be some legislation?—A. Yes, sir; but let us confine it to the smallest limit possible.

Q. Mr. Strausser has got a grievance about tobacco factories that requires an amendment of the law. Must we say to him, "We won't listen to you"?—A. I should say, "Let every trade take its own course."

Q. Our trade is legislation, and our constituents ask us to do things to relieve them from grievances. Are we not to do it?—A. As far as they are the subject of special injury by the United States which proposes a tax on tobacco and not others, they should be listened to; but take the case of the tailor. Don't listen to any remark that bears on the subject.

Q. I have no end of representations made to me in regard to the duties on cloth—that they are too high. Would you have me turn a deaf ear?—A. Let us stop where we are. Let us take our tariff. It is not complete. Let us stop where we are. Let those who pay unjustly pay unjustly. The material prosperity is more injured by the changes they expect than by the loss persons undergo by paying an undue quantity of tax. If we knew where we were, we could get along.

Q. You are not in favor of any change in the tariff laws?—A. No, sir.

Q. Let them remain as they are?—A. Yes, sir; individually, my private opinion is that protection may be a good thing for the United States, and higher protection than we have now, but that is something which I should leave to other persons to bring before the committee. The first point I want to make is stability of the laws. In the second place, let us lend a reasonable ear to the claims of those persons who affect to be aggrieved by the currency. Personally, I believe gold and silver are the only currency that can ever be in operation; but, as gold and silver are now on a par with paper, let the United States issue more greenbacks if it wants them. We must yield something to the popular feeling.

Q. If you issue more greenbacks, would gold and silver be on a par?—A. Drive out the national bank notes.

Q. Substitute greenbacks for them?—A. Yes, sir.

Q. Would you stop there?—A. They ought to stop there. I say, "Pander to the popular clamor." I don't think it would be a wise measure; but all workingmen have a grievance.

Q. If you were a Representative in Congress, and you had a clear opinion that one course of action would benefit the community, and another course would injure it, would you yield to popular clamor against your judgment?—A. I would.

Q. Against your judgment and against your conscience?—A. Against my judgment would be one thing, and against my conscience would be another. The business of a statesman is to do things which are right and not do things which he abstractly thinks are right.

Q. Do what he believes to be wrong because there is a clamor for it?—A. No; I wouldn't do it.

Q. Have you any other remedy to suggest?—A. I would suggest that a class of bonds be issued of a smaller size than has ever yet been set out.

Q. A class of what kind of bonds?—A. United States bonds. It does not seem possible for workingmen to get a United States bond without getting together $500.

Q. Do you know the limit of the existing bonds?—A. 2,700,000,000 of bonds we owe.

Q. Do you know the limit of the denomination?—A. I do not.

Q. Any man who can get $50 together may get a United States bond.—A. There are plenty of men in this room who have not had $50 in a great many years; $50 seems an incredible sum to them, and we appeal to the State government and to the national government, both at once. The State government has a system of savings banks. I had a friend in this city who had money deposited in four banks; one of the banks failed when he went to the institution, and two others shortly afterward.

Q. Do you make any distinction between giving a man a bond and a receipt?—A. No, sir.

Q. Postal savings banks?—A. In the postal savings bank system the government attempts to carry on the business of banking to a certain extent.

Q. It sells him a government bond, and buys it back again when he wants to return it?—A. As far as that may be the case, I think a postal savings bank may be good; but I would have it under the control of the Treasury instead of the control of the Post Office Department.

Q. I suppose you know why the post-office was suggested. One is practicable, and the other not?—A. I think the subtreasury in this city could——

Q. This city is not the whole United States.—A. Elsewhere.

Q. You would have the Treasury do it here, and the post-office somewhere else?—A. We keep up an agent of the Treasury in Troy and elsewhere.

Q. It has got to be on the same system all over the country?—A. Yes, sir. I have a memorandum here of one or two things which I thought of. The only other consideration I have not touched upon is economy in the government by lessening the quantity of taxation. It is well known by any person who has ever had anything to do with public officials—I was one once myself—that twice as many men are employed to do work than are necessary for that purpose. They do that in the Government Printing Office in Washington, where they work for $24 a week and work eight hours a day. Let the government get the value of its work from its employés, just the same as any other business person does, and instead of putting up costly buildings like this one, although this is not a flagrant instance, let them put up cheaper buildings.

Q. This is the most expensive building that has been built by the United States.—A. It may be for the United States; but this building has no more capacity for use than the Evening Post building, and it must have cost fifteen times as much, and we have that exhibited throughout the whole United States.

Q. Do you think this building is unsuited to the business carried on in it?—A. No, sir; except by expense.

Q. It is a very solid building and made fire-proof, and the rooms are commodious, and has court-rooms. There may have been some frauds, but, aside from that, do you see anything about this building out of reason for the work that is done in it?—A. I do; I see, for instance, this room. This room is the postmaster's room. The head of the firm of Brown, Bros. & Co., or the head of any firm of the United States in this business, such as this post-office, contents himself with much less room. I don't see why the postmaster should have as large a room as this.

Q. This room has to be applied to other purposes. For instance, a Congressional committee is ordered to sit in New York, and finds this room ready, without expense. It is suitable to the purpose; it is convenient. The civil service commission sat here for some weeks or months previous to this committee, and it is always available for public uses, and of all the rooms in this great building this is the only one available.—A. That shows the true lack of economy; I have no doubt you can find in any modern building in this city, erected at less expense than this, more commodious rooms than are here. We want to have economy exercised in respect to the public buildings. Now in regard to public employment.

Q. You compare this with Brown, Bros. & Co., a most eminent house. Do you know the relative size of the money-order business done in this post-office, and the business of Brown, Bros. & Co.?—A. I should say the transactions of Brown, Bros. & Co. would extend to fifteen or eighteen millions a year.

Q. I am informed the money-order business done here is greater than the whole business done by Brown, Bros. & Co.—A. That may be. I don't complain of the postmaster's using this room when it was built for him; but I complain of the fact that such expensive rooms are put up. Look at our custom-house and all the houses put up by the government.

Q. Was the custom-house built by the government?—A. No, sir.

Q. It was bought for very much less than it originally cost?—A. Yes, sir. They are putting up in Albany a building which they have promised should cost only one million of dollars.

Q. There is only one power that could promise it, and that is Congress, and in the law Congress limited it to $250,000.—A. But we find, practically, the building has cost one million of dollars, or is going to cost that sum.

Q. I don't know what it will cost, but no one has made such a promise, and cannot make such a promise.—A. Look at the custom-house in Charleston, put up by the United States, if it is put up; when I was there in 1860 it was not finished.

Q. You object to government buildings?—A. I object to the government doing business that other people could do. I say when they put up buildings, let them put up buildings such as a mercantile house would put up.

Q. We will take the next point.—A. Those are the points I have to make. If I should say anything further on the point, it would be simply this. We can do nothing except we have economy. Limit the legislation of Congress to the smallest degree, and do nothing further.

Q. The minimum of legislation and the maximum of economy seems to be your testimony?—A. Yes, sir.

The committee here took a recess.

VIEWS OF MR. VALENTINE BECKER.

VALENTINE BECKER, the next person who appeared before the committee, said he desired to make a statement on behalf of the coopers of Brooklyn.

By the CHAIRMAN:

Question. What is your business?—Answer. A cooper.

Q. A manufacturing cooper, employer or employé?—A. Employé.

Q. What do you say this committee can recommend for the benefit of the coopers? I am interested in them.—A. There are more men out of employment than there has been these last six years; still that business has increased; there are more barrels used in the last six years, more flour filled in barrels and more kerosene oil in barrels than ever before.

Q. More barrels used than ever before?—A. Yes, sir; still there are more men out of employment than ever before.

Q. Than ever before?—A. Yes, sir. It was brought about in this way. In the first place, machinery was used; in the next place, boys' labor took the place of men. Boys from eleven years of age, boys younger than eleven—I think eleven would be the average of boys that were employed in the trade to take the place of men. This was one of the causes why men are out of employment. I would like to see a remedy by a stricter apprentice law.

Q. Would you have the United States make an apprentice law?—A. I don't know

how, what power Congress has under the present Constitution. I would like to see the Constitution so revised that the legislature would be enabled to pass laws for the benefit of the workingman as well as the capitalist.

Q. Would it not meet your purpose just as well if the legislature of the State of New York passed an apprentice law?—A. Yes, sir; but I am not talking to the State of New York, but to a Congressional committee.

Q. There is no authority for Congress to make such a law; there is for the legislature, and I ask you if the legislature would not effect your purpose as well as Congress?—A. It would, sir.

Q. Then why should that law be transferred to Congress?—A. Because I want it to be an absolute law in the United States, for the reason that the law should be passed for the benefit of the men throughout the United States. I wish the Constitution so revised that Congress can make laws for the benefit of the workman as well as the capitalist. The next thing I want is free justice.

Q. Free justice?—A. I want to see the laboring man come into court and sue for his rights free of charge, the same as the capitalist. At the present time a poor man can't get redress in courts unless he has a fortune at his back, and I have seen it the case that the most prominent men about here have put their names in papers that if the men left the society of the union and came to them, they would pay them wages for five years or more, as the statement says, and they succeeded in breaking up the organization, but they did not pay them five years or five months, but reduced them in five months, and generally pay them 60 per cent. less now. That is why I want free justice. I would have compulsory education to take these boys out of the factories that take the place of men, and educate them, so that they may know when they are imposed upon by employers and capitalists. I would have these boys to become able-bodied men, so that they would take care of the republic in a later day. I should want these boys to serve an apprenticeship of at least three years, so that in future the laboring mechanic can go to work and do what is required in America. It is the boys, particularly, I speak of. I am not so well versed in the cause of the business depression, but I think you should look at the state of things in good times, because if we had no bad times we would not recognize good times, and if we had no good times we would not recognize bad times. If we had no black we would not recognize any white; there would be no contrasts.

As to the financial question, the national banks issued, I believe, to the amount of $4,300,000,000; this was given out among 45,000,000 of people; at the war there were 11,000,000 in rebellion that did not share in this amount of money. After the war these $4,300,000,000 were shared among about 35,000,000 of people. The share then became smaller; the more there is to share in the lot the less there will be for each one. That they should withdraw the greenbacks—I don't know what they expect, but it has injured us and the community that they withdrew them to such an extent. I think there should not be any bonds issued, but there should be gold and silver and the greenbacks stand out, and the gold coin too. After I paid out all the gold, I would say, "Give me back my greenbacks." There would be no resistance to the government to do so, and had the greenback been in circulation I think this bankruptcy would not have come about. But the bankruptcy did come about; they went into bankruptcy.

As to the government making laws, I think the Constitution should be revised, as I said before, to give the power to legislate for all, not only for the bondholder. There are many ways in this State to pass laws for the benefit of the workingmen, had parties ever sought the good of the workingmen. We went to different parties and asked them to do something for us. We put the eight-hour law before them, and they passed it in a kind of a way that did not do much for us. But there have been cases in which the State government employed men by the eight-hour law. There is no redress for the workingmen to go to court; it costs too much money. I would not lose the time to prosecute an official and go to the trouble a man is put to; what I mean is free justice should be given to everybody without spending money.

Q. Can you point out anything in the Constitution of the United States which either directs or compels legislation in the interests of one class more than in the interest of another class?—A. I can't, sir; but I can point out where legislation has been given to the capitalists, and legislation has been disregarded for the laborer; I can point out that every railroad company, every insurance company, every one that has not got a public affair, can have legislation done, but there is none for the workingmen and there is no power in the Constitution to legislate for the working people.

Q. Congress is under the impression it has legislated for the general good, and tries to do that, and supposes it has done so, and the remedy is when they do not legislate for the general good, to turn out the men that did not, and send other men.—A. That is the idea.

Q. Then, is not the remedy in the hands of the people, as it now stands?—A. Yes; the remedy is in the hands of the people, and I hope they will take hold of it.

Q. Is not the appointment of a committee to sit during the recess to hear grievances

and to try to find out, so as to increase justice—is that not evidence to some extent of the desire on the part of the representatives to get at the facts, with a view to immediate legislation?—A. It is the first time the thing has been done; what it will amount to we don't know.

Q. Neither do we. What we want is the evidence. Get it before the people, get it before the Congress, and then you can send down representatives to Congress to get it done; that is the remedy?—A. Yes, sir.

Q. Is there any other?—A. Yes; before we can apply that remedy we must prevent employers from directly or indirectly influencing us to do as they say in voting.

Q. I suppose you know there is a law on all the statute-books against the intimidation of voters?—A. If I had free justice, I could bring men that tried to influence me.

The CHAIRMAN. My colleague, Mr. Boyd, who is a lawyer, says it is an indictable offense. In indictable offenses means of obtaining justice are always furnished free, without charge to the individual. Lay it before the district attorney and the grand jury, and they will see to it.

Mr. BOYD. There is no expense to bring to justice any person who is guilty of bribery; intimidation is a criminal offense.

Mr. BECKER. I had a man not long ago arrested for stealing my coat, and I had to pay 25 cents for a fee to get a warrant.

Mr. RICE. Whom did you pay?

Mr. BECKER. The clerk of the court.

Mr. RICE. You should look for that clerk; I don't believe he had any right to take it.

By Mr. BOYD:

Q. In case of a conviction, that fee would have been refunded to you?—A. It would not.

Q. We don't convict men in this country without a trial, impartially. The presumptions are all in favor of a man's innocence, are they not, until he is convicted? That is right, is it not?—A. That is right, if it is carried out right.

VIEWS OF MR. ANDREW P. VAN TUYL.

ANDREW P. VAN TUYL was the next person to appear before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. Are you an employer or employé?—A. I am superintendent of the New York Plaster Works, and have the entire control of that business.

Q. Are you here as an individual or do you represent some organized body?—A. As an individual I express my views, but for the benefit of the concern.

Q. You come here though for the concern you represent, not for any organized association?—A. No, sir.

Q. You know the purpose of this investigation is to ascertain the causes of business depression, and get at such remedies as we can, and if you will confine yourself as far as possible to matters within your own knowledge and experience, and leave general matters out, we will be obliged.—A. If I should attempt to speak orally or extemporaneously throughout, it would take me perhaps too long. If you will allow me I will read.

Q. How long will it take you?—A. About ten minutes.

The CHAIRMAN. Go on.

Mr. VAN TUYL. I estimate that there are in the United States 10,000,000 of producing laborers of both sexes, exclusive of clerks and salaried employés. About 2,000,000 of these have no regular or constant employment. Many of these are wandering through the country seeking remunerative work and are denominated tramps. The cause of this surplus of laborers is partly the fact that the late war withdrew from active producing employment for army and contingent purposes about 1,000,000 of men and made them non-producers and consumers, thus creating an additional demand for products with less facilities for producing. Manufacturers to supply the deficiency constructed very largely of producing machinery to do the work which had formerly been done by hand labor. When the war terminated and the 1,000,000 of men were returned to the channels of production, they found every place occupied, and no need for additional labor. Then came the struggle of the "outs" to get in, and the "ins" to remain in their situations. The prices of labor gradually gave way until the whole subject became demoralized, and the hungry would work for anything they could get. As a natural consequence, every kind of manufactured commodity shrunk in price, failure followed, real estate fell, and everybody lost. Bankruptcy became general. This is the present condition of things in this country, and the whole world has to some extent been affected by the result. Now the remedy.

Q. Was there any period in the history of the United States within your recollection more prosperous than the period that followed the war from 1869 to 1872?—A. No, sir.

Q. Then all this unemployed army had found employment; labor was in request at high wages subsequent to the war?—A. No, sir.

Q. That was not the fact?—A. No, sir.

Q. Your testimony then is opposed to everybody else's testimony that has been before the committee, and opposed to my own knowledge of the condition of things from 1869 to 1872.—A. Men at that time were having such extravagant wages that they were working only partial time, and the result was there were as many idle then as now, living in the afternoon on what they made in the forenoon.

Q. But there were high wages and plenty of labor during that time?—A. There was a demand for labor.

Q. Was it not impossible to get labor at that time?—A. No, sir; labor was abundant.

The CHAIRMAN. In my experience it was impossible to get labor at that period, and work never was so abundant, and that is the testimony here.

Mr. VAN TUYL. The wages that mechanics had been receiving had made them very improvident, and they could live on partial labor.

Q. Was it not a prosperous period? Didn't you have an abundant demand for your products at that time?—A. Yes, sir.

Q. Didn't you get good prices?—A. Yes, sir.

Q. And paid your labor good prices?—A. Yes, sir.

Q. And they were set at work?—A. Yes, sir.

By Mr. RICE:

Q. Were there any more at work in your profession then than there are now?—A. No, sir.

By the CHAIRMAN:

Q. Do you employ as many now as you did then?—A. About the same number. The remedy I would propose is this, that government alone can apply the remedy. Trades-unions are good so far as they may go, but the Constitution and law stand between them and successful action. And, again, the trades-unions are in a great measure controlled by leaders who have their own ambitious views to gratify, and often lead their deluded followers into excesses which bring reproach upon the organization as well as being disturbing elements in society.

Q. What provision of the Constitution, what provision of law in the State of New York or under the general law prohibits trades-unions?—A. Trades-unions can only control members of their own organizations.

Q. What provision in the Constitution is there to prevent trades-unions from being formed and carried on?—A. The Constitution will not allow an organization in this State to control the people of another State.

Q. What?—A. The Constitution of the United States will not allow the organization of one State to control the people of another State.

Q. You want to put in the Constitution a provision by which trades-unions will not be allowed?—A. I want the Constitution to make laws which are general and not local.

Q. Is it not generally the case that the citizens of one State shall not control the citizens of another?—A. If it is the law, it ought to be abolished and another made in its stead.

Q. In other words, you want to centralize the government, the legislature and the government?—A. I think that would be a very good word for it, sir. We have explained that labor not only exceeds healthy demand, but also the wants of consumers, and hence I ask that the amount of labor must be lessened to suit the circumstances. If government should employ all this surplus labor in works of improvement or otherwise, then national debt, increased taxes, and ultimate bankruptcy would follow. I suggest rather that government shall exercise its power to lessen over-production by abridging the hours of labor, instead of attempting to find employment for all the laborers. Make eight hours a full day's work, and impose such severe penalties on both the laborer and employer that punishment will be sure to reach its violators. Let this law apply to and be rigidly enforced in every part of the United States uniformly, and to both sexes. This will require the labor of 10,000,000 of men and women to do what is now being done by 8,000,000. Let the law be positive and emphatic that no one laborer shall under any circumstances work more than eight hours in one day of twenty-four hours. If more hours of work shall be required in any factory or shop, let it be compulsory on the part of the employer to employ other and additional men.

Q. You want to reduce the productive power of labor in the aggregate by distributing it over larger numbers?—A. That is the idea.

Q. Would not the destruction of machinery accomplish the same purpose?—A. No, sir.

Q. Would not the destruction of a portion of the machinery now in existence produce the same result?—A. That might be, but it would not be wise.

Q. Why would it be wiser to restrict the hours of labor than to destroy some of the machinery by law?—A. At the present time in the business of my own (that of manufacturing plaster of Paris) there are ten barrels produced where there is one needed in the country; the result is we have been obliged to reduce our labor until we get it down to prices by which we can sell it for two or three cents profit on a barrel. Now, if we were compelled to work only eight hours, there would be no more made than is required, and we would get a fair price.

Q. You want the government, then, to adopt laws by which the manufacturers of plaster will make larger profits?—A. I want the government to adopt a law by which men in our business and others shall only work eight hours a day.

Q. You do want the government to adopt legislation which would result in making your unprofitable business profitable?—A. That is the gist of it, sir. The coal combination of Pennsylvania have in a limited way adopted a system of quarrying only the quantity of coal required for consumption each month, so that the the market cannot be overstocked. This wise arrangement is producing its natural healthy results in a satisfactory and healthy trade.

Q. Is the coal trade in a healthy condition now?—A. I apprehend it is.

Q. Are the miners well paid?—A. They are reasonably paid.

Q. Has the stoppage of labor increased the wages of coal-miners? You think stopping production would employ more labor?—A. Instead of the few laborers whom they did employ there, and working twelve hours a day in a mine, if this law of eight hours can be enforced, a thousand more laborers would be required in the anthracite regions.

Q. You say the coal combination is a wise combination?—A. I think it is.

Q. It puts up the price of coal?—A. It puts up the price of coal, whereby the stockholders can get 2 per cent. on their stock instead of losing 10 per cent.

Q. Has it advanced the wages of the labor in the mining regions?—A. Yes, sir; I think it has.

The CHAIRMAN. I happen to be one of those persons interested in coal-mining, and I would be happy to put up the price of wages, but we are not in the combination; the railroad will not carry our coal. However, as a matter of fact, the wages of the coal-miners have not been advanced.

Mr. VAN TUYL. They have been advanced negatively.

The CHAIRMAN. That is the kind of advance the miners don't want.

Mr. VAN TUYL. Their wages purchase more clothing and food than it did before; therefore, negatively, they are getting more than they did five years ago.

Q. If you put up the price by combination, will you advance the wages of the laborers of New York to buy that coal?—A. They would be compelled to.

Q. How are you going to compel all business to put up prices?—A. By making the eight-hour law.

Q. That would effect it?—A. I think it would. Go across the river, it is ten hours; go to Pennsylvania, it is sixteen hours; the consequence is, New York has to compete with Pennsylvania at a disadvantage, but the government alone can make the necessary uniformity in the law. Unfortunately, other branches of industry cannot be subject to like rules and regulations. In the anthracite coal business the number of producers is limited and concentrated and the position local; whereas in most branches of trade the number of producers is numerous and widespread, and successful combinations are impracticable. Hence, unless government interferes, overproduction and ruinous prices must prevail. Again, labor is too constant and unvarying for the healthful and cheerful development of social, moral, and religious life. As at present regulated, every man is expected to work six full days in a week and every week in the year. The majority of laboring men from the age of fourteen years to their death never have a holiday except Sunday, hence the sacred Sabbath is universally desecrated by the laboring classes throughout Christendom.

Q. Do you consider it a desecration of the Sabbath for workingmen to go out to the fresh air in Central Park?—A. If they can't do it in any other way they may be right, but if we can do it in any other way then it is wrong.

Q. Would you have the government take the religious care of the people?—A. No; but I would have the government provide holidays other than Sundays, which they have the right to do. It is evident, from his peculiar construction, development, and natural disposition, the Great Cause never intended this effect in the creation of man. Man requires recreation as well as food for his natural, healthy, physical and moral development. Deny him this, and he becomes narrow, bestial, and morally dwarfish. Now, what is the remedy? To remedy this growing evil and encourage in every one a spirit of manly, social, elastic cheerfulness, I claim it to be the duty of the government to provide by stringent laws a half-holiday every Wednesday and Saturday of each and every week throughout the year, especially for every laboring man, woman, clerk, and employé, under such severe penalties as shall fully and effectually secure its uniform fulfillment throughout the entire country, at the same time making it obligatory on all local public conveyances to carry excursionists on those occasions at not over one-half the usual fare. Thus two full days, or one-third of the time now allotted

to labor, will be withdrawn from actual employment, and to make up the deficiency, all those now idle will be provided with work. Wages, of course, will regulate themselves according to the demand for goods, machinery, and produce.

It may be claimed that the price of products would be largely increased, so that foreign manufactures would enter into unfair competition with our higher-priced commodities. I reply to this by saying that the common dictates of humanity are the same the world over; very soon our example in this respect will be followed by the several nations of Europe and South America. And if any country competing for our trade should decline to act with us in this matter, then add to the present duties on all competing articles imported therefrom an additional duty of one-third *ad valorem* to protect our manufacturers and producers.

Again, the government should employ capital in constructing public works; such as railroads, harbor and river improvements, &c., and use those works as a reservoir for the accumulations of surplus laborers, but at a price decidedly below what manufacturers and others may be paying at the time for labor, so that the tendency of labor will always be to private enterprises.

Q. What chance would a Representative who voted that the government should pay less than private individuals ever have of going back to Washington?—A. At the present time there are in New York seven thousand men now out of employment. Congress passes a law that they will open the Harlem River——

Q. It has passed that law?—A. I understand they have passed a law appropriating a certain amount of money.

The CHAIRMAN. Enough to begin—as much as you can use in one year.

Mr. VAN TUYL. Let it be such that Sound steamers shall——

The CHAIRMAN. The plan General Newton has adopted. I saw it described in a paper the other day. The same as you refer to.

Mr. VAN TUYL. We find that 7,000 men are seeking labor at $1 a day. Let the government say to these men, "We will give you 75 cents a day, and work on this canal until you can get a better situation." As business progresses they will fall off, and supply the ordinary channels of trade with useful labor.

The CHAIRMAN. Some time ago the city of New York reduced the wages of the laboring men. I remember there was great indignation expressed by the men of the city of New York, and resolutions were adopted which held that the city should pay higher wages than individual manufacturers.

Mr. VAN TUYL. When labor is actually needed, and must be done, then let them pay a higher price, but if they provide work for men simply to provide bread, then it would not be fair to give them high wages.

The CHAIRMAN. I only point out to you the fact that such a measure is unpopular with the workingmen, and they are the ones that have the votes, and they will not vote for it.

Mr. VAN TUYL. There is no such thing as a laboring man employed by the city of New York. They are simply pot-house loafers, and, in order to look like business, they are found around the streets.

The CHAIRMAN. I tried in vain to get several laborers employed on the city works, and perhaps you may be right.

Mr. VAN TUYL. If a man wants a situation for a laborer, he has got to have a beer saloon somewhere, and has got to promise that he has 300 votes. I did not mean to say anything on politics, but your speaking of the laborers of the city reminds me of that fact, that these men who are employed in the city of New York as laborers are simply the underlings, who are subject to those who control district meetings, &c., to carry out their views; they are not a fair specimen of what I am describing here, honorable labor for honorable men. I say it is the duty of the government to employ laborers at a small price, so that when a man is out of work he can find enough to get his bread.

Q. Would not that make a standard for private employers to pay wages by? Would not they say here are seven thousand men working for seventy-five cents; we must go down to fifty cents?—A. No, sir; if they give them fifty cents, we would come down to twenty-five; we would always come down. The government would furnish them a workhouse and give them assistance in that way. Why not furnish labor?

The CHAIRMAN. The city now furnishes a workhouse.

Mr. VAN TUYL. If you go into the country you don't see any workhouses.

The CHAIRMAN. That is the reason they all come here, I suppose, and don't go to the country.

Mr. VAN TUYL. The government should employ them. The tendency would be never to seek employment from the government except when they had overstocked markets or dull trade, which would induce a surplus of laborers. I say, tempt no man to say that he cannot find work in a country so vast and open to development as this. Again, it is the duty of government to require of the successful and fortunate in business to provide for the absolute necessity of those who are unfortunate and unsuccessful. Two men, in every way equal in intelligence and energy, dig for gold; they com-

mence digging side by side; the one is fortunate, and strikes a rich vein of gold, and soon accumulates a large fortune. The other digs for months faithfully and hard, and finds none, his provisions fail, his funds are exhausted, his tools need sharpening, and he must stop, beg, or starve. His fortunate companion refuses to aid or assist him. Now, what shall be done? I claim that it is the duty of the government to lay its constraining hand on that man's purse, and take from it a sufficient sum to satisfy his unfortunate neighbor's immediate wants. Government may claim that such an act would be unconstitutional, and it could not be legally done. If such be the case, then lose no time in amending the Constitution, that it may arm the government with power to provide for the immediate necessities of the poor by taxing the surplus earnings of the rich, or, in other words, to require by law that the fortunate and successful shall contribute of their abundance to the necessities of the unfortunate and unsuccessful. The government should provide, or cause to be provided, an asylum in each and every county throughout the United States where a hungry person who has no means to procure food may at all reasonable hours obtain plain, healthy food and a comfortable place to sleep. Let it be the proud boast of America that not a human being, native or foreign, need go hungry to bed or lack a bed to sleep in in all her wide domain.

The question may be asked where is the money to come from to do all this. I reply, tax the incomes of those who have been fortunate and successful in business and accumulated large estates. I would not touch any man's property or possession. Those are sacred, and the government is bound to protect them to their owners; but the surplus earnings from these vast accumulations, generally denominated incomes, may be justly and equitably taxed, giving the owner the greater share, and dividing the moiety among the poor and needy who have been less fortunate and successful. All men are supposed to labor equally hard and constantly for the accumulation of wealth. There is no particular reason why one should succeed and another fail, except that one is fortunate and the other unfortunate; hence it is the duty of government to see that the unfortunate should not too severely suffer. A tax on the incomes of the rich will provide funds for the poor who cannot help themselves. Let all incomes over $2,000 be taxed in proportion to their extent, increasing according to the amount of income until the very large—say over $50,000 a year—should pay one-third of the total to this fund, thus providing liberally for the unfortunate, while the fortunate rich would not feel the burden.

Q. Do you think there would be any people in the country with over $50,000 a year at that rate of taxation; don't you think the people with this income would remove their capital to other countries, where there was not a differential rate of taxation, and capital would leave the country?—A. It is possible that such a thing might occur, but I think not probable.

Q. Rich men, as a rule, look to their income; and if a man found his property would be more remunerative in France or England, would he not go to England or France rather than stay here?—A. I apprehend not. I judge from this: when I ride along the city of New York I find here and there large establishments provided for the widow and orphan, the inebriate and the insane, and I ask where does all the money come from that goes to these vast institutions, and I trace it to the wealthy men generally. Notwithstanding their large incomes, the most of them have a heart.

Q. But very few of them have a heart to pay taxes?—A. A man will pay taxes when it goes to keep men comfortable, and to feed the hungry. He never objects to paying for the taxes then; he says, "Tax the people, and lay on, Macduff"; they never complain of the school tax, but in this city they complain because it does not go to such a purpose. The unemployed are now suffering beyond what is generally known or suspected by the more fortunate throughout the country. Thus far they have, to their credit, been patient and enduring; but it cannot be reasonably expected that this state of quiet will always continue. Unless there may seem a prospect of relief in the not too far future, these 2,000,000 idle men and women will break forth with a power it may be difficult to resist or subdue.

Q. Where do you get your estimate of 2,000,000 idle men and women?—A. I take it, sir, from evidence I have received from inquiries in different parts of the country; some of it through the commercial agency, where they have a very great correspondence.

Q. Is there any commercial agency that estimates that there are 2,000,000 of idle people in the country?—A. I think you will find that Dun, Barlow & Co. will give you 2,000,000 as their estimate. I think they will give that as their estimate at the present time.

Q. Have they told you that?—A. No, sir.

The CHAIRMAN. Mr. Boyd, a member of this committee, who is now out, a member from Illinois, has told the committee that in his part of the country there are no idle men at all, outside of the cities, in the rural regions—that is true of the rural regions where I live—in fact, there is a scarcity of them.

Mr. VAN TUYL. I entirely appreciate your remarks, and believe they are correct.

Just now it is harvest time, and ten men are employed where they would be idle two weeks before or after harvest.

Q. But during the season Mr. Boyd says they are employed?—A. I have friends in Minnesota who inform me differently.

Q. In the manufacturing districts there has been idleness, no doubt, but the estimate of 2,000,000 is so large —— have Dun, Barlow & Co. quoted that to you?—A. Not directly.

Q. It does not appear in their circulars. I have seen a copy of their circulars.—A. I don't think it appears in it.

Q. Have you seen the labor bureau statement of the number, in Massachusetts, of idle men and women?—A. I know this much: My son was visiting Boston on business quite a time ago, and when he came back he handed to me a long list of persons that wanted clerkships.

The CHAIRMAN. That is usually the case, in all my experience, that numerous people want clerkships; that is my experience at all times.

Mr. VAN TUYL. My deliberate judgment is that Congress should act on these suggestions at their earliest possible opportunity, or, in their superior wisdom, to establish other and perhaps better modes of relieving the distressed laboring classes who are now unemployed, and with no immediate prospect of securing remunerative employment, except by means suggested, or others tending to the same result.

The CHAIRMAN. I have asked you all the questions I think proper as we went along, because I knew, as you had it written, it would not disturb the current of your remarks.

Mr. VAN TUYL. I am very much obliged to you, sir.

The CHAIRMAN. We are very much obliged to you and to every witness that comes here to give us information. To-morrow will be the last session of this voluntary testimony. We will then hold a further session, in which we will select witnesses from the leading business men of the country to come here and give their testimony.

Adjourned to August 6, 1878, at 11 a. m.

NEW YORK, *August* 6, 1878.

The committee met pursuant to adjournment.

Present, Messrs. Hewitt (chairman), Rice, and Boyd.

VIEWS OF MR. GEORGE E. McNEIL.

GEORGE E. McNEIL appeared and made the following statement:

By the CHAIRMAN:

Question. What is your occupation?—Answer. My occupation at present is varied; I have charge of certain unproductive property of a Brooklyn bank; I have some land which I hire and cultivate; I also manufacture certain goods in my own family for sale.

Q. Are you a representative of any organized body of workingmen or of employers?—A. I am the president of the International Labor Union of America.

Q. How large a body is that?—A. It is a new organization, formed this spring, and has branches in thirteen States of the Union, numbering somewhere from 7,000 to 8,000 members.

Q. Will you be good enough to tell the committee whether you have had any special experience on questions relating to capital and labor?—A. I have had the opportunity of serving as deputy of the Massachusetts Bureau of Statistics of Labor from 1869 to 1873.

Q. Who was the chief of the bureau at that time?—A. General H. K. Oliver, of Salem.

Q. Have you since that time given special attention to the condition of the workingmen of the country?—A. I have.

Q. Where do you live now?—A. In West Somerville, Mass., ten miles from Boston.

Q. Have you studied the causes of the present depression of labor and business in the United States?—A. I have.

Q. Be good enough to give the committee your opinions on that subject as concisely as possible.—A. I wish first, with your permission, to make a statement. I have come here to New York on other business, and have not with me the proper data to make a full and complete statement, such as I feel is due to the committee. I will, therefore, to-day, with your permission, simply make a certain number of assertions which I will demonstrate at some other hearing, and give you what, in the opinion of the organization I represent, and in my own opinion, is the proper remedy for those difficulties. I think, Mr. Chairman, that it is unfair (I am not speaking of the committee) to give undue weight to the fact that nearly every person who presents himself before you has some different cause and some different remedy for this difficulty. When we re-

member that the political economists of the several nations have so widely disagreed on these matters, it is no wonder that the working people, and those who have given but a very small amount of attention to it, should so widely differ. You know John Stuart Mill and Mr. Thornton both disagree on the operations functionally of the law of demand and supply. The people of the Manchester school differ in regard to the question of tariff, and the French and German political economists also disagree on political matters.

Q. We would like to know what you think of the causes.—A. The origin of this difficulty, or the origin or commencement of the time of this difficulty, goes back to the time when the laborer lost the power to sell the product of his labor, or, in other words, when he was forced to sell his labor; that is, to sell himself; or, in other words, at the commencement of the wage system of labor.

Q. Then the difficulty is the wage system of labor?—A. The difficulty is the wage system of labor. Now, to go over the intervening time and point out some of the causes would occupy more than an hour.

By Mr. RICE:

Q. When do you understand that we lost that power?—A. It is a question that there is some difference of opinion upon. Some claim that it was in Italy about the fourteenth century. I think it practically commenced with the congregation of laborers in England within at least 100 years to all practical purposes.

By the CHAIRMAN:

Q. Do you mean that before 100 years wages were known as the reward of labor in England?—A. No, sir; it is difficult to find out when the wage system commenced. The first I know of it was, it was paid to armies in Rome, and afterwards paid to artisans; armies were employed at that time sometimes at productive industry; but for all practical purposes, for the purposes of this commission, it seems to me it is well enough to say it commenced with the introduction of labor-saving machines, or the congregation of laborers in England.

Q. In other words, the wage system and the steam-engine were contemporaneous?—A. Yes, sir; practically so.

By Mr. RICE:

Q. And thence dates the depression of labor?—A. Thence dates the present form of the depression of labor. Labor was very much more depressed before steam came in. The wage system is an advance on the old system.

By the CHAIRMAN:

Q. Then the present system is an improvement on the old one?—A. Very much.

By Mr. RICE:

Q. A stepping-stone to a better system?—A. A stepping-stone to a better system. Now, the present difficulty is consequent upon the fact that machinery is discharging laborers faster than new employments are provided, or, in other words, the productive capacity has exceeded the power of consumption in the masses. I should like, knowing the long list of persons who are to appear before you, to stop here, as far as the causes are concerned.

By the CHAIRMAN:

Q. You say that, owing to machinery, consumption cannot keep up with production?—A. I don't like to state it that way, because it might appear I was opposed to machinery.

Q. I wish to get your idea.—A. I should state it this way, that the power to consume has not kept pace with the power to produce. It is not the fault of the power of production; it is a fault on the other side.

Q. Was there any excess of production, in other words any glut of goods, in 1872?—A. That is asking for data that I have not with me.

Q. But as a general fact?—A. There is what is called a glut.

Q. There was in 1872 a glut?—A. There was about 1873 what is termed a glut.

Q. A glut in 1872. In 1872 was the power of consumption so inferior to the power of production that there was a glut of manufactured articles in the market?—A. I could not answer that to-day.

Q. Do you not know that the year 1872 was a year of great demand for manufactured articles, and that there was a deficiency of manufactured articles throughout the world?—A. I wish very much this commission could demonstrate that statement. I think our statistics are very faulty indeed.

Q. When there is a glut, prices fall to a lower rate, don't they?—A. Yes, sir.

Q. When the demand exceeds the supply there is no glut; on the contrary, prices go up?—A. That is your method of stating it.

Q. Suppose there were six pocket-knives in this place, and every man in the room

wanted a pocket-knife, would not the price of them go up in this room?—A. Very likely; that is, if the people had the capacity to buy pocket-knives.

Q. In 1872 was there not a state of trade in which you had to wait to get orders filled in almost all staple branches of industry? In other words, didn't the demand exceed the immediate supply?—A. It may be so; I have not got the data before me. I still make the assertion that the cause of this trouble is consequent upon the excess of the power of production over the power of consumption, and will demonstrate it, if the committee will give me an opportunity to do so. I make that assertion, and will only attempt to demonstrate it at another hearing, and not at the present hearing.

Q. I want to know whether this has been a continued excess in the power of production over consumption, or whether it has been an intermittent excess; and, in order to arrive at that fact, I ask you what was notoriously the condition of business in 1872?—A. I should say it was an intermittent excess.

Q. Then it proceeds not by a uniform law, but by an intermittent law?—A. It is intermittent.

Q. Do you not suppose there will be, some time or other, a period when the present excess (for it is admitted to be an excess) will disappear, and that there will be a demand, not only sufficient to absorb the present excess, but to make a deficiency, judging by the system of the past?—A. It is probable the present system can continue on for some further time, and that the present difficulty may disappear, to be followed again very shortly by similar panics and distress.

Q. What you desire to do is to get rid of this intermittent period of excessive demand?—A. I wish to get rid of the system that causes the intermittent period.

Q. You think the wage system causes this intermittent period?—A. Yes, sir; it is very possible in 1872 there might not have been a wide divergence between the power of production and consumption, and still a panic occurred in 1873. It does not necessarily follow there might not have been the condition of things that you describe. It is simply the constant recurring of financial panics.

Q. You think this intermittent state of things is the result of the wage system?—A. I do.

Q. Explain to the committee what that better system is.—A. I cannot explain to the committee now what that better system is, because I believe we have got to grow out of this system into that better system. I only wish to point your attention to the next step out of this system toward the better system. I will say here, in the opinion, also, of nearly all the organizations of labor, whether of the socialistic labor party, or nearly every other form of real labor organizations, one of the most important steps is a reduction of the hours of labor; and I will say here that that demand, or the demand for that step, is not simply a national but an international demand.

By Mr. RICE:

Q. Do you think Congress has any power to legislate upon that question, so that there shall be a uniform legislative rule throughout the country?—A. I do.

Q. Please explain how.—A. Yes, sir. In the first place, I would have the present national eight-hour law so amended as to be made to apply to all persons employed by the government, whether directly or indirectly, by contractors or otherwise.

Q. No one employed in carrying out a contract should work over eight hours a day?—A. Yes, sir; that should be a condition of the contract so that, in furnishing the iron for this building, the iron-founders must work their employés under the eight-hour system.

Q. Supposing a man contracted to build this building, could he control the iron-worker in his work? Would you have it go as far as that—the lumberman who saws the lumber in the mills of Michigan, or wherever it may be, or the wood-chopper who chops it?—A. I would have it go as far as possible and practicable.

Q. Could you practically have it go any farther than to those who were directly employed by the government and to those who were directly employed by the contractor? Would you not have difficulty even in going as far as the last?—A. I think there would be no difficulty in having the system applied to all styles of contracts, to all iron mills, and to all the other large manufactories where materials are furnished for the construction of public buildings.

By the CHAIRMAN:

Q. If we had a contract for a public building, would you compel us to go to the miners and say, "For the ore that goes into this job you must only work eight hours a day"?—A. Yes, sir.

Q. When any other job came along, what would you do? Would you compel us to do the same thing? We could not do it. All the ore that is mined is mined in mines and put in heaps and transported to furnaces. How are we to keep separate the ore mined for the government contractors and the ore mined for other purposes? And the ore is often mined two and three years ahead, in order to keep the workmen busy when there is no demand for the iron; how could we meet that difficulty?—A. We would go as far as practicable; if it was demonstrated that it was impracticable I don't urge

it. The idea is to force you to employ men only eight hours all the time, and if it causes any difficulty we would rather have the difficulty come on you than on the miner.

Q. But laws are of no use unless penalties are attached to them?—A. Yes, sir.

Q. Would you put a penalty upon iron-makers who had the contract to furnish iron for a building the moment it was proved that any of the ore that went into that iron was worked more than eight hours a day?—A. If it was practicable to do so.

Q. Is it practicable to do so?—A. That is for the future investigation of this question to settle. It is a question, and I will come by and by to the idea of the establishment of a national bureau of statistics of labor. Many things that appear impracticable to us may appear practicable when we have demonstrated by statistical inquiry the facts in the case.

Q. Now, when we come to legislate we ought to consider those matters. In making iron, we have to make wooden patterns in order to shape a form. In making wooden patterns, we have to buy glue to glue the wooden patterns together. Glue is made from waste material, but is very largely got from the butchers around great cities. Would you carry this proposition of yours to the point of investigating whether the men that butchered the meat for the consumption of the city of New York or any other city had given more than eight hours' labor to that task?—A. Most certainly I would; I want to carry this point to the lowest foundation.

Q. Then, when a man took a government contract under a penalty, which you would have fixed, he must sit down and investigate whether any portion of the material that goes into the work has been produced by labor of more than eight hours a day, and if it is found anywhere that that has happened he is to be punished?—A. I say the bureau of statistics of labor, which we will petition for, will have presented the facts in the case, and he will not necessarily be forced to make an investigation into the matter, and we are going to go just as far as practicable. At first it may be only possible or practicable simply to say that in the construction of this building the iron foundry must work under eight hours a day, and not go back of that. It might say that the quarries should work eight hours, and not go back of that. That is a matter of detail which must necessarily be left to the legislators as to the question of the practicability of it.

Q. Would not the men who owned the iron factories and stone quarries have reason to complain if the rule was not applied to every other contract in the building?—A. Every other contract would be under the same consideration. I should say the man who furnished the gas-fixtures should employ the men who manufactured the gas-fixtures under the eight-hour system; and the man who supplied the glass should manufacture it under the eight-hour system.

Q. Gas-fixtures and glass are also manufactured in other countries than the United States?—A. Very true.

Q. Suppose you restrict him to eight hours, and another contractor comes along from where there is no eight hour law, and he says: "I will furnish the glass for 20 per cent. less, and I will furnish the bronze work for 25 per cent. less; would you prohibit a contract being made with him?—A. That would depend largely on other matters. I might be a protective man and say, "I want to encourage home industries, and so I will have the gas-fixtures that are manufactured here." I would give the preference to the man who manufactured under the eight-hour system, whether it was 20 per cent. cheaper or dearer.

Q. In other words, you would compel the government to take only goods manufactured under the eight-hour system, and buy no other goods in any department of the government?—A. As far as possible.

By Mr. RICE:

Q. How would the man that made the gas-fixtures for this building be able to confine his workmen to eight hours when it was government work without confining them to eight hours when making gas-fixtures for your house?—A. The more difficulties we surround them with the better.

Q. Would not the difficulties surround us?—A. Some would surround him. You are called upon to legislate, and I say it necessarily follows that I should make an argument to show that it is more important that our people should be employed under the eight-hour system than it is important whether the manufacturer of these things is surrounded with difficulties, or whether we will pay 20 per cent. more or less. That is the question Congress must settle—which is the most important factor.

Q. You desire to effect a limitation of the hours of labor to all laborers?—A. That is what we desire.

Q. It is not specially to those that work for the United States any more than it is to those who work for Mr. Hewitt?—A. Certainly not.

Q. It is to all?—A. Yes, sir.

Q. If you are confined to those working for the government, and cannot get an inch beyond them, then you would not care to apply it to those and to no others? If the

government could not alleviate the condition of the rest, you would not want to make those who work for it the favored class, would you?—A. If you wait till I have concluded you will see I have reached practically nearly all the persons employed. We are all attempting to make an investigation into a difficult problem. We have had difficulties on our side, and the legislators on their side, and the manufacturers on theirs. We are trying to get over the difficulties. The next point in the eight-hour system is this, to have a law so framed that all patents granted by the United States Government should contain a clause that no person employed in the manufacture of those patents, or employed in producing commodities by the use of those patents in any factory or workshop in the United States, should work except under the eight-hour system.

Q. In other words, the patent should involve the obligation to employ labor eight hours, and no more?—A. Yes, sir.

Q. And that should be the condition of the issue of a patent?—A. Yes, sir.

Q. Supposing two persons own the same machine—a sewing-machine for instance—would you not let me work eight hours on it and another eight hours during the same twenty-four hours?—A. No, sir; I don't believe in the relay system, if that is what you mean.

Q. That was not what I meant. I was merely suggesting the difficulty of keeping a sewing-machine from running more than eight hours during a day.—A. In a factory?

Q. Anywhere?—A. I stated in a factory or workshop.

By the CHAIRMAN:

Q. Take a rolling-mill, which has to run day and night. There are many patents on rollers. The moment there is a patent on rollers you would compel it to work eight hours a day, and stop it during the night?—A. Yes, sir.

Q. Then the mill could not run, because the cost of fire is so enormous they could not carry on the business. What would you do?—A. If it is impracticable, which is a question of investigation—you know more about that than I do.

Q. Take my word for that.—A. Whatever is practicable must be done. If a rolling-mill cannot be run on the eight-hour system, then it cannot.

Q. You can make three relays of men, and work eight hours each. As to a patent roller, you said you would not let a patent machine run more than eight hours out of the twenty-four. Now, there is a machine, and you would compel me to have three sets of machines instead of one, whereas one would do all the work.—A. I don't mean that.

Q. Would I have to stop 16 or 18 of those patented machines, and let the men stand there?—A. I don't know; I don't undertake to say that I know all the details of every business.

Q. But you lay down a proposition for the information of this committee, and the committee confronts you at once with a practical difficulty, and I have no doubt every gentleman in this room can confront you with another difficulty in his line of business.—A. My point is this, that this machinery must run under the eight-hour system. Now, every different industry has certain details, certain definite things, which must, of course, be understood; difficulties that come to it must be understood.

Q. Suppose I should produce thousands of cases where the difficulty would arise; now, I have to legislate about it—what would you have me do as a legislator?—A. I would have you sit down carefully and calmly to consider this question, as to which is the most important interest set before you—the considerations that are placed before you by those thousands of manufacturers, or the very stability of our government under which we live.

Q. Now, I have got in my employ, say, a thousand men who are now not earning as much as they ought to, but are living in comfort. I can run them on the present system of using the patent machine through the day and the night. This law is passed, and I can no longer employ the men; who suffers—the employer or the men who are turned out of work?—A. I stated early in this matter that I simply wished to make assertions, and to point out legislation. I do not desire to occupy the time of this committee to-day in the discussion of that question. I will promise this committee, if I live, to attempt to meet those difficulties. I will say here that I have considered the difficulties that the gentleman states, and I believe they are all difficulties that can be overcome, and that they must be overcome.

By Mr. RICE:

Q. You see they are not imaginary difficulties from the fact that you, with all your study, are not able to answer them at once?—A. I know they are real difficulties; there is no one pretends they are imaginary difficulties. They are real difficulties; but the trouble is that outside of the wage labor our socialists, the educated classes, have not considered the other side of the difficulty in the case.

Q. Have you read Mr. Thornton's book on labor?—A. I have.

Q. Is Mr. Thornton an educated man?—A. Yes, sir.

Q. Have you seen anywhere or heard anywhere a more earnest, thorough, calm, able discussion of the rights of the laboring classes than is given in that book?—A. I admire very much the spirit of the discussion; I take exception to his conclusions.

Q. You say the educated classes have not given themselves to the consideration of the laboring classes?—A. Mr. Thornton is the exception to the rule.

Q. Take John Stuart Mill and Mr. Fawcett. Do you think Mr. Fawcett has not given the most careful and elaborate discussion to this question of the condition of the laborer?—A. The political economists of our time, in our opinion, considered this question from the capitalistic side and not from the labor side.

Q. Do all political economists consider it on that side? Have you heard of Frederick Allison?—A. Yes, sir.

Q. Have you heard of Thomas Hume?—A. Yes, sir.

Q. Are they gentlemen of education, culture, and refinement; and what are their views in reference to the laboring classes?—A. I suppose we could go on for some time and pick out the exceptions to the rule.

Q. You said Mr. Thornton was the only exception?—A. No; I didn't say that; he is an exception. Among thousands and tens of thousands and hundreds of thousands of the capitalistic class, it would be very curious if you were not, in the nineteenth century, able to pick out 50 or 100 men who have shown themselves superior to the capitalistic influences of their class.

Q. How many political economists do you think are living at the present time?—A. Most every member of this Congress, except this committee, believes himself a sort of political economist when he comes back to his district to teach the laboring class what they ought to ask.

Q. That, no doubt, is true, but when he goes back to Congress he always disclaims being a political economist, so we have none of them there.—A. They disclaim many things when they get back to Congress that they say before election. Now, our point is, that there is no written science of political economy. There is a German school of political economists arising, which questions the Manchester and the other schools, and it is a considerable question as to which has the right of the argument. In fact, I would say that we believe that we have got the unwritten science of political economy, and one of the reasons why every laboring man in all these organizations comes before you to ask the establishment of a bureau of the statistics of labor is because they believe, if the right man is placed there, we will be able to demonstrate that the old political economists were false, and we will evolve soon a social science that will give us light on these questions.

Q. Is it not the fact, so far as you can recollect, that you cannot point out any way by which this can be done by legislation, and is there any other way than the way you have now suggested, by some social arrangement by which there should be co-operation among the men—co-operation I mean among the employed and perhaps among the employers—and some agreement by which ultimately there may be a harmonious action between the two, and these desired changes and improvements be attained, rather than by any direct and arbitrary legislation? Is it not a matter of slow process, and only to be sought rather by social advances, social means, than by direct and arbitrary legislation?—A. I believe that the difficulties that are nearest to us appear the largest, and that the difficulties which our chairman has named are not near as large as they appear to him to be, and that investigation will develop the fact that the legislation that we propose, namely, the amendment of the eight-hour law applying to contracts, and to the patent law, is practicable—to a certain extent, of course, because there is a limit to all things; but to a very large extent it is practicable. For instance, take the cotton and woolen mills of New England. I claim that under the patent law every one of the factories in our manufacture of textile goods can be operated under such an eight-hour law by the amendment of the patent law. That would, of itself, emancipate a vast army of men, women, and children from the demoralizing influence of the times.

Q. When the term expires of the patent on a certain class of machinery, what then?—A. The government does not lose its control of a patent. It the best interests of the people demand the revoking of a patent, I suppose it is proper to revoke it.

Q. At the end of seventeen years a patent is public property. You know that very much of the machinery of New England which has been patented, and which had a very high price upon it on account of being patented, is now free from patents. That is the fact in regard to sewing-machines very largely. How are you going to remedy that?—A. I suppose there is not a yard of textile goods manufactured in New England that is not the product of a machine that has not a patent on it.

Q. Take the sewing-machine?—A. The sewing-machine is the manufacturer of cloth into clothing.

Mr. RICE. You have given your first point, and that is the limitation of the hours of labor, and difficulties have sprung up upon one side or the other, and you can make such further inquiries into the matter as you desire and state your views hereafter.

By the CHAIRMAN:

Q. What is the third suggestion you have to make?—A. That is all the suggestion I have to make this morning in that direction. I wish for a moment or two to call your attention to the result of the reduction of the hours of labor. I will not occupy more than five minutes in it. Now, then, this is our statement. We ask for a reduction of the hours of labor, not only because we believe the interests of humanity demand it, but for economic reasons; namely, that the only way by which we can reach a better state by a better system of productive industry is by slow, gradual, and ordinary steps out of it. We do not believe we can bring the socialistic state or the co-operative state to America—as English people call it. We don't believe we can get the co-operative state by bringing it down from heaven. As Parker says, "Nature never takes any leaps." We don't believe we are going to take leaps. We are going to take steps. We think a reduction of the hours of labor will increase wages. It will decrease the producing power of a day's work. We claim this not simply as a theory but as a fact established by history, that there never was a reduction of the hours of labor that was not followed by a permanent increase of wages, and that that permanent increase of wages is the result of certain natural forces in operation, and you can no more resist the power of the reduction of the hours of labor in fixing the wages than you can fix the power of the law of gravitation. Certain laws that govern wages operate as surely as the law that governs gravitation, and that law which governs wages, which is acknowledged by nearly all the political economists of all schools in some way, is the power of habit or custom over wages. James Hall says, in his "Homes of the Working Classes," that if you reduce the beef diet of an Englishman to a diet of potatoes, you reduce his wages at the same time. As Parker then says, the habits and customs of the people have considerable effect on wages, but they differ in the degree, and we claim that a reduction of the hours of labor will soonest affect the habits and customs of the people; that it gives not only a temporary but a permanent result. For instance, we have, to-day, a certain productive capacity. We have a productive capacity of 100 per cent. We have a consumptive capacity of about that amount to-day. There is not much produced comparatively to what there ought to be, perhaps, and we will say that they are about united, about agreed, the productive and consumptive capacity. When I say "capacity," I don't say that we cannot produce more or cannot consume more, but I mean that the amount that is produced to-day finds a market. Now, then, reducing the hours of labor will reduce the productive amount, we will say, one-fifth. It won't be quite one-fifth, but we will call it one-fifth. Now, the demand is for 100 per cent., and they can only give 80; the consequence is that you call into operation nearly one-fifth more wage labor. In a million persons employed, that means that you are giving employment to 200,000 men.

By the CHAIRMAN:

Q. It has been put in testimony here that eight hours' labor would be as effective and productive as ten hours. You don't hold to that doctrine?—A. No, sir; if a given piece of machinery running by machinery is capable of producing a certain amount per hour, it will produce more in twenty-four hours than it will in twenty-three.

Q. If you reduce the amount of production for a given amount of labor, will that not add to the cost of the article produced?—A. It would appear to. Remember, we have found 200,000 unemployed in a million. What does that mean? It means that you have made 200,000 consumers of the product of other men's labor. You have reduced the labor market, according to the old theory of the law of demand and supply—you have reduced the unemployed to that extent that wages must necessarily go up. Now, the price of an article is regulated more by the number of these articles produced than anything else; if we can multiply the manufacture of gas-fixtures, for instance, to manufacture *that* gas-fixture in China with cheap labor at 6 cents a day will cost infinitely more in China than it will here at $5 a day labor, because there is a larger demand for the sale of gas-fixtures here, and there you would have only the royal family. I doubt whether the Emperor of China is able to have a common gas-fixture in his house such as we are able to have in our workingmen's houses.

Q. You don't doubt the Chinese would be soon able to produce such gas-fixtures at 6 cents a day?—A. No, sir; the price of those is regulated, not by the price of labor on them, but by the number they manufacture.

By Mr. RICE:

Q. By the state of society?—A. Yes, sir; by the state of civilization. The Emperor of China cannot ride in a horse-car; it would cost him $100,000 to ride in a horse-car, and it would cost us only 5 cents.

By the CHAIRMAN:

Q. Show us how Congress can limit the hours of labor in a practical way.—A. I believe it can be done by the legislation I propose.

Q. We all know very well, and we are hoping the time will come when laborers can

work less hours a day, and still support their families, and have more hours for recreation and mental employment. We are looking forward to that time; society is working towards it; machinery is helping towards it. Show us how Congress by any legislation can also help towards it?—A. I think if you will take the measures I have proposed, and investigate carefully into those seeming difficulties—some of them real difficulties—I believe you will find it is practicable to adopt the legislation I propose, if it is expedient. The question for you to consider is: Does the best interest of the country demand such legislation? That is a question I would like to discuss at some other time. I wish to say that this committee is, in my opinion, the most important committee that sits to-day on the planetary earth.

Q. There has been one sitting in France for some months on the same subject.—A. I recognize the fact that the eyes of the world are looking here. This is a co-operative government. Here is the new social state politically, and all that we ask——

Q. France is a republic?—A. Yes, sir; I was born here, and perhaps I have got a prejudice in favor of this country. Nevertheless, I believe here, where we have had the co-operative experience of one hundred years, is to be developed the new socialistic or co-operative state, and I believe if this committee will patiently and carefully investigate this question to its depths from the east to the west, to our factory slaves in New England and the poor Chinaman out in California, that you will go back to Congress and propose such legislation as will guarantee to us the safety of our institutions.

Q. Do you think a committee, no matter how earnest, could in the short interval between two sessions fathom this subject and get it into suitable shape for legislation, and would it be necessary to send Mr. Rice and me back to the next Congress in order that we may have more time?—A. I shall be glad when I see the two great political parties unite to investigate the question. I have not any faith that they will be so united.

Q. Have you not seen that the two parties here are desirous to get at the truth?—A. I see before me the two parties represented. I hope they are very faithfully and efficiently represented.

Q. Are they not trying, as far as you can see, to get at the facts?—A. Yes, sir.

Q. Are we not hearing every one we can?—A. I don't know that I could make any criticism, although I felt like making some criticism yesterday; but I understood the chairman—I stated to my friends that I felt a little displeased, and I say now that I ascertained from a member of the committee that you (Mr. Hewitt) were unable to sleep all the night before, and that you had occasion for the disagreement that occurred.

The CHAIRMAN. I am glad to have you make the explanation. I generally lose four nights out of five, and it is with great difficulty that I ever perform any public or private duty, and I do it to the best of my ability.

Mr. MCNEIL. There is one thing upon which this committee can unite: it is that which all workingmen have united upon, even greenbackers—and let me say here that I wish this committee could have divorced the two questions—I wish in the future investigations they will allow the financial reformers to take a proper time if you are to discuss finance, but don't mix finance and industry together. We want them separated. We have nothing whatever to do with the greenback movement. It is not a question which properly comes before this committee in this investigation of the causes of this difficulty. What we all unite upon, even the greenbackers and the socialists and the trade-unionists, is investigation. We have knocked at the door of Congress for the last five years asking for the establishment of a national bureau of statistics of labor. We ask you to report to the next House in favor of the establishment of such a department, and, with this remark, Mr. Chairman, I am much obliged to you.

Mr. RICE. There are those who believe that the currency has something to do with the question of labor, and it is our duty to hear from them.

Mr. MCNEIL. Of course, they have the same right to their opinion that I have to mine, only I wish the hearing could be separated.

The CHAIRMAN. But the matter confided to us is to investigate the causes of the depression of labor. A great many people think the cause is too much currency; some think it is too little; and we cannot perform our duty without hearing those gentlemen.

Mr. MCNEIL. I ask you to separate them, so that a hearing for labor be given on one day, and finance on another.

The CHAIRMAN. The committee thought it was better to begin by giving everybody a hearing in the order in which they might come. Hereafter we may be better able to classify the hearings a little more closely.

A. T. PECK appeared and made the following statement:

By the CHAIRMAN:

Question. Where do you live?—Answer. Danbury, Conn.

Q. What is your business?—A. My business is comb manufacturer.

Q. You are an employer of labor?—A. Yes, sir.

Q. How many persons do you employ?—A. At present only one or two; sometimes one hundred.

Q. How long is it since you employed a hundred?—A. It is some five or six years since that. I sold the factory to a hatter, and I propose to build another one next week.

Q. You are not now engaged in any business?—A. No, sir; I am contracting for a factory to open the process of the manufacture of combs again, and buttons.

Q. Are you engaged now in carrying on business?—A. Not just at this moment.

Q. How long since?—A. It is about two months since.

By Mr. RICE:

Q. But you are making arrangements for future business?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you given careful attention to the causes of the present depression in business and in the remuneration of labor?—A. One-half of my lifetime, which is sixty-three years.

Q. Will you give to the committee a statement of what you hold to be the causes of the present depression?—A. I was somewhat startled by my friend who preceded me and said he didn't want to have anything to do about the currency of the country; didn't want to mix it up with labor. I was much gratified with my friend on your left who said he didn't see how he could get along without it. I am here to talk about the currency, and I want to call your attention to some laws passed by Congress some fifteen years ago, and their effect. Some fifteen years ago Congress enacted the national banking act, and the effect of that is that the bankers get money from the government free of interest. That is the effect of the national banking act. Over three hundred millions is got by the national banks from the United States Government free of interest. I don't find any fault with the law, for I see among all the improvements and all the inventions and discoveries during our lives, or the centuries that have gone before, nothing so far-reaching to lift up suffering humanity, the working-class, as that very law, if it is very slightly extended. Now, what does it prove? It proves that the government has lent the bankers three hundred millions of dollars without running the government in debt one cent; it doesn't tax any one a cent: it does not injure a solitary soul. Now, take note of that great fact, that the Government of these United States, which is the government of the people, does lend money to the banking class of this country free of interest—absolutely free of interest—without running the government into debt one cent, or taxing a dollar to anybody, and not injuring a solitary soul. I want that to be understood. Your honors know that. Every one of you Congressmen know that to be the fact. Now, then, I don't find any fault with the law, for I say that if you can take a hundred thousand bankers of the United States and lend them money from the government free of interest, you can take one hundred thousand workingmen and do the same thing under the same condition. Now, about the word "money." We have considered in these days the government legal-tender notes as money; they certainly buy everything. They built every inch of this building; they paid for every dollar of it; they control the whole traffic of this immense country to-day; and certainly they are money. And why are they money? Because three hundred and fifty million of dollars of greenbacks are based upon over $10,000,000,000 of property. The whole value of the property of this country is $10,000,000,000, and yet who says they are not based upon value, absolute value—consequently they are money. Now, then, a piece of paper, to be money, must have its base, and that base must be the solid gold and silver of the country. It does not necessarily follow that every greenback must on demand be paid in gold and silver; it is not necessary at all, because we scatter and use constantly throughout this country in the year over four thousand millions of dollars in paper, and not one dollar in gold is used, and yet it is on the gold basis; everything is balanced by it. Why? Because our products go forward to the old country, and they are settled for on the gold; therefore, our trade is based on the gold basis, and when an importer buys his meat or grain or cotton, he bases it on the absolute solid foundation of gold and silver coin. It would not matter how many thousand millions there are if every dollar is based upon this property. I hold in my hand a petition to Congress, and if that petition should in the process of time be granted, certain immense results will follow, and I will read it to you, and then give it to your clerk.

Now, suppose Congress should enact such a system as that; there is not a voter in these United States anywhere, if he wanted a homestead or a house, if he could buy or get contractors to build it for him, but, as soon as the house was done, he would go and get his money and pay for it on those conditions, the result being that you place the workingman, the householder, in the same condition the banker is. He takes his money that he gets from the government free of interest and loans it on interest; but this man takes his house and lives in it. He only pays 4 per cent. a year on the cost of it, and in twenty-five years he owns his house, and he has not paid any interest, and the result is the man owns his premises free and clear, and he owes the government

nothing. That is the result. What do I do as a contractor? I go and contract for digging the cellar of a house. I go and ask the stone-wall man to lay the stone, and the brick man to make the underpinning. Then I go to the carpenter and painter and get them to contract for the building, with the understanding that not one dollar is to be paid those men until the building is done. I have done that several times. Not one dollar did I pay until the whole building was done. I know hundreds that do the same thing, and in the city there are thousands that do it, and that is that they borrow money and pledge the building, paying 6 per cent. for the use of the money, and pay all these things, and they have the use of the property, and get in some cases 25 per cent. interest. Suppose the government had one of these institutions in the place where I live; instead of paying a man 6 per cent. I could get the use of the money for nothing, just the same as my banking friend does. Now, the reason why the National Government can loan money to the banker free of interest is because they give security. When I go to a savings bank don't I give security? What is that security? Bond and mortgage. There is not a savings bank in this State that is not perfectly sound when it is conducted on the principles of strict savings-bank law; there is not one of them that ever failed, or can fail; the security is equal to any United States bond that ever was made, or ever can be made.

Q. The remedy you suggest is to loan $5,000 to everybody that wants to borrow it to build a house?—A. They are to build or to buy before they get the money; that is the point. Right in there I want to make an observation.

Q. Where is the government to get this money?—A. Print it.

Q. If it printed enough to supply every man that wants a house, will that money maintain its equality with gold, which you say is the fundamental condition?—A. No; it don't make any difference how much they print, provided the property is worth gold.

Q. And the redemption of these notes is to be made in what?—A. If any one wants anything of the government the government gives them value for it.

Q. The government is to redeem those notes by giving property?—A. Yes, sir.

Q. Whose property will they give them?—A. Their own property.

Q. The government property?—A. Yes, sir.

Q. This post-office, for example?—A. No; this is a public building for public purposes.

Q. What property has the grovernment except its buildings?—A. The mortgage-bonds of the property of the buildings they have given the money for?

Q. They will redeem the notes in mortgage bonds?—A. Yes, sir.

Q. And the man who receives these bonds for anything, if he wants to get anything, must go to the government and get money for them?—A. Do they [illegible] that with the bank-notes? Answer that question.

The CHAIRMAN. If you have made your statement of the cause of the depression and the remedies, the committee would like to call some other witness.

MERRILL SELLECK appeared and made the following statement:

By the CHAIRMAN:

Question. Where do you live?—Answer. One hundred and forty-five East Twenty-first street.

Q. Are you a delegate from any organized body?—A. I am a member.

Q. Are you sent here by any organized body?—A. No; I wish to express my free ideas.

Q. What is your business?—A. My business is to get business, now.

Q. Are you a mechanic?—A. No.

Q. Are you an employer?—A. No; I have been doing something in the way of canvassing.

Q. Have you been studying the causes of the present business depression?—A. I have.

Q. Are you prepared to state them?—A. I am.

Q. State them, succinctly, please.—A. 1st. Abolish the United States Senate; 2d. Restrict the powers of the President, Vice-President, and House of Representatives; 3d. Establish labor bureaus all over the country; 4th. Destroy States sovereignty; 5th. Legislate for the purpose of creating a paper currency in settlement of debts, &c., and for legal tender; 6th. Abolish all money except the above mentioned; 7th. Issue $58 per capita; 8th. As the population increases so increase the amount of money, keeping it at $58 per capita; 9th. Allow no persons outside of the labor bureau to employ others; 10th. Elect labor-bureau directors for evefy trade, profession, or occupation, and pay all the same wages, from the President down; 11th. Allow no healthy person to remain idle after having received a proper education; 12th. All healthy children should receive an education, commencing at the age of six years and ending at sixteen; 13th. The amount of time devoted to labor shall be six hours per day at present, though the improvements in machinery will soon render that length of time unnecessary, thus giving better facilities for mental development, recreation, &c., and equal chances and opportunities to all. Then there will be but one class of people, and that first class.

By Mr. RICE:

Q. One of the points is to restrict the powers of Congress, is it not?—A. Yes, sir.

Q. Don't you think you would have to enlarge them to do all that?—A. I would have the whole United States a Congress as far as I could.

Q. You would have Congress enlarged?—A. In point of numbers.

The CHAIRMAN. I have no questions to ask.

Mr. SELECK. I thought you wouldn't have any.

HENRY KEMP appeared and made the following statement:

By Mr. HEWITT:

Question. What is your business?—Answer. I am a produce broker.

Q. Are you here as a representative of an organized body?—A. No, sir.

Q. As an individual?—A. As an individual.

Q. Have you studied the causes of the present business depression?—A. I have endeavored to do so.

Q. Have you arrived at a conclusion?—A. Some conclusions.

Q. Please state them briefly to the committee.—A. Mr. Chairman, I shall, in as few words as possible, explain the reason why a high protective tariff lowers the wages of labor, and why free trade raises it. It is a well known fact that in all new countries, where population is small compared to the extent of fertile land, the remuneration of labor is greater than in older and more densely populated countries. The proof of that is simple. This is clearly pointed out, and the reasons why, by Adam Smith over one hundred years ago. He clearly showed, when writing about this country when British colonies, that the cheapness of land was the principal cause of the high price of labor. Ricardo, fifty years ago, proved that when a people only required to cultivate their best lands that the profits of capital and remuneration of labor were at their maximum; and hence I claim that this country, to be prosperous, its trade must be nearly free; that is, that society must be able to sell their products. For over two hundred years the history of this country, when colonies and since its independence, has clearly proven that cheapness of fertile land was the principal cause of labor being higher here than in Europe. Now, when the profits of agriculture are high, farmers to secure the services of blacksmiths and carpenters must pay them good wages, for, with very little capital, if they are not pleased with the profit and wages of their trades, they will turn farmers. The same holds good in the large cities. If young men, in ordinary times, are not satisfied they go west, and, if wages do not please them, they also drift to farming. Does the fact that wages are generally higher in America than in Europe not demonstrate to the dullest capacity that there must be some great leading cause for it? It cannot be owing to capital, for England has more than you. If it was on account of skill, you would not need a protective tariff, and, as American goods are, in general, not so good as European, that cannot be the reason. It cannot be on account of freedom, for the last trace of serfdom has been abolished in Europe. What, then, is it? It is the immense quantity of fertile land to the population as compared with Europe. That is the only solution of the question, and the solution of it is to allow people to sell their goods freely, and allow them to buy. No man can buy unless he can sell. Other countries prove the same thing. The immense quantity of land to the population in Canada, Australia, and the Cape of Good Hope proves also the same fact. It is no use to deny it. There are 60 per cent. of the population of this country composed of farmers, planters, and their families, and also 15 per cent. more of the population employed by them directly as mechanics or forwarders of their produce to the seaboard, &c. I think I have proven my case, that even when this country was only a colony labor was high, as Adam Smith says, entirely from the cheapness and abundance of fertile land, and, as Ricardo has proven, that when only the best lands are cultivated in a country, the profits of stock and wages must be at their maximum point.

I think I may now say I have demonstrated my first position, why labor is high in the United States.

I shall now endeavor to prove our protective tariff lowers the price of labor. The general understanding of a protectionist is that the protective tariff makes wages high. Mine is directly the opposite. The cause of high wages in this country is the abundance of fertile land, and the cause of low wages is that you cannot sell these products to advantage if they refuse to buy.

I shall now endeavor to prove how a protective tariff lowers the price of labor. It is unnecessary to go into details after the able lectures by Professor Sumner on the history of the American tariff, showing the first tariff of 8 per cent., and which has been done so well that the subject is exhausted. It is evident when the first tariff was made, it only made 8 per cent. It is evident that the home manufacturers of any article that was charged with an import duty of 8 per cent. in the first tariff, if at any time they could barely compete with their foreign competitors, they would put on more duty. Now, when they got the duty doubled, what would be the conse-

quence? Having got 8 per cent. more duty, they would likely get 8 per cent. more profit; they would gain additional capital and increase their production, and other people seeing them prosper would transfer their capital into the business. Then they might go on increasing production, so as even to drive the foreign article out of the market. There would still be more increase of production, until at last the production would exceed the consumption. We have protected the manufacturer to such an extent it has been like a premium to make people go into their own business. It has diverted capital and labor from other productive sources. It has failed from the beginning to the end. Then would come a glut of the home market by overproduction. Then would follow loss and ruin to the manufacturer. Now, what would be the fate of the mechanics and laborers? At first they might get a share of the extra profits by the protective tariff in the shape of high wages; but as soon as their employer could train extra hands, their wages would decline to the level of the wages of the rest of the community; and whenever the home markets were glutted with the protected commodities, and their employers were losing money, they would, if possible, make up the deficiency by reducing the wages of their employés. Then the same thing would have to be gone through again—the tariff made higher, an advance in prices and wages for a short time, a transfer of more labor and capital into the protected trade, overproduction, glut of the home market, stagnation, lower wages, ruin and discontent.

I pity the capitalist or mechanic that is engaged in a protected industry. The history of commercial legislation proves this fact. The British farmer from 1815 to 1846 was protected with almost prohibitory laws, except when the ports were opened, when the price of foreign wheat was equal to $2.19 per bushel; yet, in spite of these laws, in 1822 there was a glutted market by the over home production of wheat, and the price fell, in spite of the law, to $1.20 per bushel. This was caused, first, by the people being obliged to live more on potatoes than wheat, the former supporting the people at one-third the cost of wheat; second, from the wages of the manufacturing population falling in price, owing to the foreign wheat-producing countries not buying the same amount of manufactured goods as when England was buying their wheat; and, third, from the previous high price of wheat, extending the growth of wheat at a great expense to fifth-rate land that should have been kept in pasture, thus causing the overproduction of wheat, especially when the harvests were good. What was the result of this? Continued misery. The result was, a committee of the House of Commons sat on agricultural distress in 1822. This again took place in 1834, 1835, 1843, and 1844, when at all these periods, from similar causes, there were low prices and a home glut.

By the CHAIRMAN:

Q. The history of tariff legislation is a subject the committee has had to listen to many hours a day during the last session of Congress. Your idea is that one of the true causes of the present depression is the high protective tariff?—A. Yes, sir.

Q. And your idea of the remedy is that the protective tariff should be repealed and free trade substituted?—A. Or a tariff for revenue only, and if you cannot get enough revenue from that source, make an income-tax, or some direct tax; if you have not money enough then, put a tax on spirits or any other commodity. I would put a tax of the same amount on spirits.

Q. Your remedy is in modification of the tariff?—A. I would eliminate the tariff system altogether.

Q. That subject is one which is under very careful consideration by one of the committees, the Committee of Ways and Means, and, while we have your suggestion, it is not worth while taking up the time of the committee in discussing that matter here. If you file that document we would be glad to have it.—A. I will file it and conclude with a few remarks: It may be said that it does not apply to exchanges effected in the home markets, but that reasoning does not alter the case at all, as "all commodities buy commodities and services, money being only the medium of exchange." Imports from abroad are as much the fruits of American industry as if they had been produced in this country. All goods leave the country where they are not wanted to go to the country where they are wanted. In fact, all commerce is the exchange of the surplus of one individual for the surplus of another individual, whether that exchange is effected in the country or with an individual in another country. Nations are like individuals; they naturally follow the occupation that pays best, if each individual is left to his freedom in choosing his own pursuit in life. Some people say that labor being cheap in other countries, the mechanic and laboring man would be undersold and ruined. Such nonsense! When you can export an article, it is a proof that you produce it cheaper than the country you export it to; and when you import an article, it is a moral certainty that the foreign country can produce it cheaper than you. Suppose, for instance, a certain amount of capital and the labor of 100 men produce a given quantity of iron, would it not be better to produce, with the labor of 80 men and 20 per cent. less money, an amount of wheat that would go abroad and be

exchanged for and import the same quantity of iron? Whatever amount of protection an article wants in the shape of an import duty to insure its being produced at home is just so much of an indirect tax on the rest of the community, and the production of that article should at once be stopped.

A protective import duty should be called a double tax on unprotected consumers, one tax for the benefit of the protected interest and another for the revenue of the government. Some people say if men in eastern countries work for 6 to 12 cents per day, how could our industrious classes compete with articles imported from these countries? Do those people ever ask the question why labor is so cheap in these countries? It may be from want of a settled government, from a lawless state of society preventing the increase of capital—for without safety capital and labor must be cheap nominally in these over-peopled eastern countries; but their labor may be dearer at 12 cents per day than in this country at $2.50 per day, from deficient roads, no capital, insecurity of society, no skill or machinery. Let those people reflect for a moment on England. How is it that she is not ruined by these countries who have cheap labor? She has perfect free trade; her labor is the dearest in Europe; Europe does not ruin her by their cheaper labor, and as for the Asiatic countries, she imports largely from them, but only luxuries and raw materials that she cannot produce herself. Take this country: Where do we import largest from? England and her colonies, where, with the exception of her East India possessions, labor is higher than in any other country in the world except this.

Now I am coming to machinery. I don't believe in restricting the hours of labor. I don't believe the world is too well fed or clothed. I believe the whole trouble is from the restriction on industry and capital.

Q. Do you believe there is overproduction?—A. Not in the world.

Q. Do you believe an overproduction can take place as a regular thing?—A. No, sir. Suppose that any person was inventing a machine to do away with labor in some occupation; would it not be absurd to call upon the government to prevent by law the introduction of that machine in case the people who used the old method of production would be thrown out of employment? I never heard a person in this room state the fact that a new machine makes any article cheaper. It does nothing else but throw people out of employment at lower wages. I would like to know if it cheapens an article. Does not every man using that article get it for less money? It would create new industries. It is perfect nonsense to talk about doing away with machinery or preventing its improvement. The better way would be to let it be introduced, as it would set so much labor free for production and increase the total wealth of the community. The more machines you have, and the more you make labor-saving machines, the total wealth of the world increases. Whenever we find an article cannot stand its ground against a similar article imported, the sooner the home production of that article is abandoned the better, and the labor and capital turned from it to a more profitable pursuit. Nations are like individuals; they should produce nothing themselves that they can buy cheaper from others; that is, if they can exchange what cost the labor of three hours for what cost the labor of four hours of another party.

Therefore, to force into existence, by a high protective import duty, an article that from cheaper labor, &c., can be produced abroad cheaper than in this country, is only so much waste of productive forces; for it must not be lost sight of for a moment that for the value of every article imported we must export a correspondent value, and even if, at any time, any foreign country should drive out of the home market any article that they could sell cheaper than we can produce it, it would be ultimately a saving to the whole community to the extent of the reduction of its price. In fact, it would benefit the whole community to the extent of that reduction, and would act precisely the same as the lowering of the price of any commodity by the introduction of a labor-saving machine. To be sure, some parties would suffer until their capital and labor was turned into a more profitable channel; but the country, as a whole, would be gainers. The same thing takes place with every new invention in the arts. How absurd, with our national resources, to suppose, in this thinly-settled country, with such an unlimited quantity of fertile lands, that labor cannot find, under good laws, profitable occupation! Look for a moment. Do we not send breadstuffs from California and Oregon 12,000 miles by sea round Cape Horn to England, and compete with the English farmers where labor is cheaper than in California? The reasons are simple. Our cheap lands more than offset our dear labor and length of voyage. Who can undersell us in cotton, tobacco, wheat, Indian corn, and provisions? What a country we have! Our prairies teeming in their seasons with golden grain; our mines of coal, iron, copper, gold, and silver, and, in addition to all these minerals, the earth itself contains wells of oil. From such national resources we only want that our government let us alone, so that every man shall exercise his own unalienable right of selling the fruits of his industry where and to whom he likes. Unless a man has this right, you may call your government what you like, a constitutional republic, &c., but the individual is not free. To be sure, each individual owes a debt to the government for the protection of his person and property, and for such should cheerfully pay

taxes; but when the government, instead of acting as his protector, makes laws to make him subject to an indirect tax, not for its own benefit, but for the benefit of monopolists—in fact, by force of law compelling him to exchange the products of his industry for less than its equivalent—therefore I say to the extent that when a people submit to a protective tariff, they just lose so much of their rights; therefore, the sooner the protective part is taken out of their tariff laws, the more our government will be in accordance with the principles laid down by the Declaration of Independence and the Constitution of the United States.

I have already stated that 75 per cent. of the population are dependent on agriculture. Of the 25 per cent. engaged in trades, mechanical arts, professions, &c., there is not, according to the census of 1870, 7 per cent. of these engaged in the production of iron and textiles, which are the only industries that require protection of any national consequence. Is it not an act of folly, or worse, that the whole people should suffer for the benefit of a small minority? From the above reasons, is it any wonder that the whole country is suffering under such a depression of all industries that the present generation has never witnessed the like? Now, what is the remedy? First, by careful legislation, restore specie payment as soon as practicable. Second, reduce the expenses of the government. Third, materially reduce the tariff and make it a tariff for revenue only, and increase the free list. Fourth, if you have not enough of revenue, put on an income-tax. Do this, and I am confident the country would in a very short time be restored to prosperity. I have already shown that the farmers, planters, and the laborers and mechanics they employ, also the people engaged in the forwarding of their produce to the seaboard, require no protection. Now, in our cities and towns those engaged in building do not require a protective tariff—bricklayers, masons, hod-carriers, carpenters, house-painters, glaziers, plumbers, plasterers, brickmakers, and certainly, also, our merchants, grocers, bakers, and shopkeepers of every kind, do not, or those engaged in professional pursuits, such as physicians, lawyers, or clergymen, and all mechanics engaged in making our clothing—tailors, hatters, shoemakers, &c. (except, perhaps, some engaged in fancy work), require no protection. And in addition, all manufacturing industries, where the principal cost of the article is in the raw material and in the machinery employed, and not in human labor, require no protection. Is it not absurd that all these people should be taxed indirectly by a protective tariff for the supposed benefit of a few manufacturers of textiles and iron, not 7 per cent. of the population? Let the inhabitants of New York and Brooklyn reflect for a moment what commerce does for them. There is not a single barrel of flour that passes through these cities for shipment to Europe that does not leave 50 cents for profits and labor behind it, and every other produce of the soil does the like. Cotton, tobacco, petroleum, provisions, dairy produce, even gold and silver bullion, all must pay toll to New York and Brooklyn, and all our imports do the same. Trade to New York is the life-blood of her merchants, tradesmen, mechanics, and laborers. It is what has made her great, and will make her yet the emporium of the world. And she only wants free trade to secure soon the consummation of her great destiny.

Now, I will conclude with a summary. I have not been accustomed, like you gentlemen of Congress, to speak before a public audience.

The causes of the present depression in trade and manufacturing industry, and want of full employment to the working classes, are:

1st. The waste and expense of war.

2d. The suspension of specie payments and the over-issue of irredeemable paper money. France issued irredeemable paper money, but the Bank of France managed it that it never was over 2½ per cent. premium. It is a shame in the nineteenth century that our legislation and money have been so horribly bungled.

3d. The borrowing of depreciated money by the government and individuals, entailing great sacrifices in repaying the debt in appreciated money.

4th. The losses of all creditors during the depreciation of the currency, and of debtors during the appreciation of the currency.

5th. The losses of workingmen by goods rising sooner than their wages during the depreciation of money, and of his wages falling before that of goods during the appreciation of money.

6th. The extravagance engendered by the short-lived period of the expansion of the currency, resulting in ruin when contraction causes shrinking in values.

7th. But the greatest source of the present depressed state of the country is the high and protective tariff in obstructing trade, as no nation can sell its surplus production well that is prevented by an oppressive tariff from buying freely.

Now, the remedies:

1st. The most rigid economy must be practiced by the government so that the taxes may be lightened; also all taxes must be levied on all property wherever found, including government bonds.

2d. Specie payment must be consummated on January 1 next, or sooner, if possible, and the usury laws repealed so that capital will be imported as well as labor.

3d. Time has removed the evils of growing up to the currency, or what may be

termed slow contraction, as it is evident from the paper money being nearly at par with coin, and our foreign exchanges being favorable, that our currency is no longer redundant. In fact, specie payment will make our circulation be supplied by the natural laws that Providence has clearly pointed diffuses to each nation its share of the precious metals which the distribution of its industry requires. The quantity of gold in the hands of the government in less than two years has increased about 140 millions, so that the restoring of specie payment means: Give us more circulation, with a mixture of gold and silver among it.

4th. All the evils connected with the depreciation of money will be at an end when specie payments are resumed.

5th. The fire of extravagance has ceased for the want of fuel.

6th. Whenever the tariff is lowered, and the protective element eliminated or greatly lessened, all industries that have been misdirected will flow back to their natural channels, and capital and labor meet with their natural and profitable reward, as was the case in general previous to the war.

No country ever had the prosperity of this country until within the last few years. Go back to your principal cause. Go back to your fertile lands again. You have only 40,000,000 of people in this country; you have land enough to support 200,000,000 of people. And nothing but the worst laws would have caused the present state of affairs—laws framed in direct opposition to our knowledge of political economy. Let no pretext for a moment delay the lowering of the tariff. If we have not enough of revenue to do so, let a graduated income-tax be at once levied. Let the import duties, now averaging 41 per cent. on dutiable goods, be reduced to 19 per cent. as before the war.

Gentlemen, I have finished.

By the CHAIRMAN:

Q. Is, or is not, the balance of trade, the excess of exports over imports, an evidence of the prosperity of a country?—A. I think it is no evidence whatever. I think the exports should be larger than imports, and I think these tables are only valuable as records of the amount of business.

Q. Do nations not export those things which they can produce cheaper than other nations to which they export them?—A. And we import what other people can produce cheaper.

Q. You are familiar with the enormous increase in the exports which has been going on for the last two years from this country?—A. I am.

Q. Is it a favorable or an unfavorable sign—this large increase in our exports?—A. No; it is a bad sign—no; it is not a bad sign, the large export; but it is a very bad sign, the small import.

Q. Supposing we are paying a debt we contracted abroad?—A. If you are paying a debt, that is all very well: and I am not sure of its being much of a debt.

Q. Does not the large export lead to a corresponding demand for labor here to produce the substance which we export?—A. No, sir; it would have been produced any way. It is the natural growth of agriculture. I think, perhaps, owing to the inflation of business, and every one frightened about going into business, not knowing what is to happen to-morrow, that there are a great many people not consuming things they are exporting.

Q. Is not this increase in exports due to the production of a surplus for which we have no adequate use at home?—A. Certainly; but it is of no use. Suppose you ship 50,000,000 bushels of wheat to England this year, and you ship 100,000,000 next year, and you say to the manufacturers there, "We put 40 to 70 per cent. upon the goods you send to us," you only reduce the duties 10 per cent. You buy more linen from the north of Ireland, and any man who has eaten potatoes or oaten meal would be eating good bacon. Your high tariff is the same as if you broke up the port of New York.

Q. I am only asking you as to the fact of this export, and whether that is not a good and healthy sign for this country, that it is sending abroad its products and getting back solid money for it?—A. It is well that this country has got a surplus to ship, but it would be better if that surplus was well sold. I think your higher duties make you get one-third less for your goods than you would get.

Q. And you might get more for them if the tariff was lowered?—A. Yes, sir.

Q. But, nevertheless, the increase of agricultural productions——A. Is a blessing.

Q. And it may be the result of the fact that labor, which heretofore found employment in unprofitable occupation, is now turned to the soil?—A. Yes, sir.

Q. Is it a bad thing to turn from unprofitable to profitable occupation?—A. I think it is a good thing; but the protective tariff has been doing the reverse.

Q. Would agricultural produce increase as it has done unless it was now apparent that it is more profitable to raise agricultural produce than to produce manufactured goods?—A. I think it is more profitable to go into agriculture, though it is not remunerative now, than to starve in the cities. I mean to say if the agricultural produce is exported, and then brings back 25 per cent. more than it is doing, the people in the country will be better off.

Q. I understand you to say that in a new country labor would be better remunerated by producing the things that would be produced cheaply, as they could be produced on fertile land; therefore agriculture in a new country like this is the normal position of the country?—A. It is the normal position of the country to pay more attention to that than anything else; but exchanging goods or importing goods is preventing them being sold.

Q. You think this country should have chiefly devoted its industry to agriculture, and bought the manufactured goods abroad where they could be produced cheaper?—A. With this exception: there are some articles we can manufacture, perhaps, as cheap as foreign countries. The moment an article can be exported it proves we are right to produce it. That is all business. It is the exchange of the shoemaker's surplus for the butcher's surplus. Every nation and individual should follow the business that nature points out to him.

Q. Then the restrictions on the use of machinery and in the hours of labor, would such fact be restriction on our power to produce and sell to other countries?—A. Most undoubtedly.

Q. What would be the result of that on the wages of labor, in your judgment?—A. I think the result of that would be that very likely people that would work ten hours in Australia would undersell us in wheat, and we might lose our business.

Q. What would be the general effect on the industries of this country?—A. I think very bad. I think the government ought not to interfere with the hours of labor.

Q. What would become of the people that could not get employment by reason of the discontinuance of machinery; what would happen to them?—A. There are certain things the government can do. I always admired the old English law, the law laid down by that great lawyer—I forget his name—that man has a right to a certain portion of the earth. I think when an honest man cannot get employment, there should be some power that would help him for the time being. I think the working classes should so vote for representatives that there might be some improvement in the poor-laws. I would not give them the name of poor-laws; I would give them a better name.

Q. Do you regard the present state of business as a reaction from a false system of legislation which directed so much labor in the direction of manufactures, and that system having broken down, the labor is now being forced back to the soil, where it would be only for that system?—A. Yes, sir.

Q. In other words, the cause of the present difficulty is the disclusion of labor arising out of false legislation?—A. Exactly.

Q. And you think natural causes and the repeal of this false legislation would give free trade to nature, and trade would relocate itself where it properly belongs?—A. I think that is all Congress has to do; to think, of all things, that governments are instituted among men for what? Not to tell this man or that man what to do, but to protect every man in his honest calling. Every man is entitled to pay his taxes, because the government protects him in his calling; but it has no right to say to this man, "You shall raise two bushels of wheat and sell it to a man in New England for a yard of cloth," because that man could take his wheat to France and get two yards of cloth for it. I think the government is a protective institution. I believe the people in this country are in their present condition from laws diametrically opposite to that of the principal economist, whose maxims are the guidance of all nations, such as Germany and France.

Q. You do not believe that legislation can, for any considerable period, successfully compete with the laws of nature?—A. No, sir.

Q. They will assert themselves?—A. Yes, sir.

Q. And that this present state of things is an assertion by nature of laws that are superior to laws passed by Congress?—A. You put it in good language.

Q. Is that what you mean?—A. Yes, sir.

HENRY V. ROTHSCHILD appeared and made the following statement:

By the CHAIRMAN:

Question. What is your occupation?—Answer. I am a manufacturer of clothing.

Q. Carrying on business in this city?—Q. Carrying on business at wholesale.

Q. In the city of New York?—A. Yes, sir.

Q. Do you employ people?—A. Yes, sir; we employ hands in the house and outside of the house.

Q. How many hands do you employ?—A. It is variable; sometimes 40 and 50; sometimes more and sometimes less. In very prosperous times we have employed still more.

Q. How many are you employing at the present time?—A. I could not say now, exactly; but this being the height of the season, we employ outside 40 or 50 and inside 10 or 12, because one man in the house can do enough for five or six outside of the house.

Q. Is your business at present suffering from depression?—A. My business is suffer-

ing by the diminished profit—the percentage of profit not being as large as it used to be; but as for demand, goods can be sold, but at a very small margin above the cost.

Q. But your business still pays some profit?—A. O, yes; we can always succeed by economy and strict attention to business, and by personal supervision over our workingmen. This is a most significant point.

Q. Assuming that you could not make any profit, would you discontinue your business?—A. Decidedly.

Q. You would not go on unless you made a profit?—A. Certainly, we should have to discontinue, because all labor must remunerate us in some form; otherwise we could not live.

Q. You could not carry on business unless you got enough out of it to pay the expenses?—A. Certainly.

Q. Your expenses consist of what—first, the material, and second, the labor?—A. Yes, sir. I want to call your attention principally to this fact. Taking the laborer, as far as I could see him or serve him, if he is at the present time in a depressed condition, it is very much due to himself. Eight hours or ten hours a day has nothing to do with it. For a short time, in the clothing trade, the cutters succeeded in forcing us into eight hours; but it was discovered that the difference between eight hours and ten hours was not properly passed for their personal improvement, intellectually or morally, but they were seen roving about in the hours until darkness came on, and in the morning until work began. It showed that by a reduction of the hours of labor more men would have to be employed to get the same amount of net product, but it did not benefit the laborer. I should be the first man to stand here and say, "Give the laborer less hours of labor," if he would employ those hours of leisure for his own moral and intellectual advancement.

Q. What does he do with his time after ten hours? Does he employ that properly?—A. With ten hours' work they are so employed that evening about closes the day.

Q. Your remedy is, for the moral improvement of the working classes, to keep them so busy that they cannot indulge in dissipation?—A. That is a most significant point, and it is the only form in which the workingman can be improved. I am sorry that my notice came so late yesterday evening. I do not want to detain the committee with anything else but an oral statement, and I hope to file at some future day something in the form of an essay, which I can do in a more scientific way than I can now. There is one thing which I have not noticed, or any of the other speakers—one significant fact, which is the only thing I believe the legislature cannot properly do. I say the legislature has no right to encroach upon me as to whether I shall employ men eight hours, or ten, or fifteen hours. It is a matter of mutual agreement, and the legislature has no right, according to the principles of our government, according to the principles of the Declaration of Independence, to impose upon me what hours of labor I shall have between myself and my employés.

Q. Do you think the legislature has a right to establish a system of sanitary inspection of houses in New York?—A. That is the thing. Go into the lower wards of this city. Examine the houses of the poorer classes of the workingmen, those that are suffering the direst poverty this moment, and see how they live. You will enter a room and a bedroom, and you will find a father and mother and six or seven children, grown up to maturity, and male and female within sight of each other forced to perform all acts of nature; and through this all those higher instincts, which the educated mind has, of personal self-respect, are extinguished from the minds of these people.

Q. But suppose it is given in evidence before the competent authorities—and we are not the competent authorities; it is the legislature of the States—suppose it is given in evidence that the employment of people for fifteen hours a day is demoralizing and destructive of the people's health, do you say the legislature cannot interfere to prevent such employment?—A. I think that is a different point. Political economy teaches us that the laborers and the capitalists are two different forms of society. The laborer must do all he can for himself.

Q. I don't know any such authority. There is another authority which says: "The laborer is worthy of his hire." I want to get at your view, whether you take the ground that it is wrong for the legislature to interfere as to the regulating of the hours of labor at all?—A. Decidedly; because the laborer and the man that employs him are two different parties, and the laborer should do as good as he can for himself, and the capitalist should do as good as he can for himself; it is a matter between the laborer and the capitalist.

Q. You think the community have no interest in that question at all?—A. They have an interest so far as if an unprincipled employer tyrannizes in some way over the laborer; that is a different thing.

Q. How would you interfere in that case—by legislation or not?—A. If a tyranny arises, from which we are amply protected at the present day, the legislature can always interfere, without a doubt. But this is no tyranny, if the contract arises between a laborer and the employer. The horse-cars of New York are employing their

hands 14 and 15 hours a day. They are all willing to work; they are not bound to accept the labor; it is a matter between themselves and their employers.

Q. But do they want to work that length of time?—A. All labor is irksome.

Q. Suppose it turned out, as a matter of fact, by a report of the physicians, that horse-car drivers and conductors who worked sixteen hours a day only lived two and three years in that employment, working at that rate, would the community be justified in interfering or not?—A. If the community finds that it has a tyranny over the health or the development, morally or intellectually, it has a right to interfere.

Q. Then you admit there are circumstances under which the community should legislate?—A. Certainly; there is nothing in the world in regard to which the legislature has no right to interfere. We have, for example, bone-boiling establishments, which is a legitimate trade, and the legislature interferes.

Q. You set out in the beginning by saying the legislature should not interfere between the employer and the employed as to the number of hours he should work. I now understand you to say that if the legislature comes to the conclusion that the number of hours of labor are too great, they may interfere?—A. Yes, sir; and, even the first gentleman who spoke—he did not say anything about ill health arising out of ten hours of labor. He referred to eight hours of labor for no other reason than that the laborers would be more employed. It is not to be presumed that we can afford to pay the same price for the labor of eight hours that you can for ten hours.

Q. Do you employ people by the day or by the hour?—A. I employ a great number by the day.

Q. Some by the piece?—A. Yes, sir.

Q. Will you give the committee a statement of the price which you pay for any particular article, such as a vest or a pair of pantaloons?—A. There is an immense divergence in regard to that.

Q. Give us a good average.—A. The skilled laborer to-day demands a good price and gets it, and we employ him in dull times in order to keep him. The unskilled laborer is but briefly employed, and poorly paid.

Q. Take vests, for example, such as are sold to the ordinary average person. Will you tell me what is the price paid now for making a vest?—A. Vests are made in this city for as low as 25 cents and 20 cents, and people are making money by it.

Q. How many 25-cent vests can they make in a day?—A. All those who make vests have regular factories, and by the aid of sewing-machines they succeed sometimes in making 200 and 300 in a day.

Q. With one person?—A. That is by the employment of machines. I have spoken to two young ladies that are working for us making vests, who are, according to the character of the work, making as many as eight vests at 25 cents a vest.

Q. How many hours a day have they to work to make eight vests?—A. Those are working home, in their rooms, and the hours of labor for them are not regulated as it is for those working in the house by the day.

Q. I have asked other witnesses how they regulate the hours of labor in private houses, and I want to ask you how many hours they must work in order to produce eight vests in a day at 25 cents a vest?—A. It depends upon the speed and proficiency of the hands. Some people can work very fast and do the work as well, and others not so fast.

Q. A fair average hand?—A. Twelve to fourteen hours a day.

Q. And in that time they would earn $2?—A. Yes, sir.

Q. Is that a fair statement of the earnings of the sewing-women of New York working upon clothes?—A. That I will not say. Very few women are employed in our business; occasionally on a vest. Most vests are made by manufacturers, who employ six, eight, ten, and sometimes twenty machines.

Q. Who work the machines?—A. Girls work the machines. These girls are employed by the week and work regular hours a day.

Q. How much is paid to those hands a week, and how many hours a day do they work?—A. From $4 to $10 and $12 a week.

Q. How many hours a day?—A. I wish to impress this on you. There is a regular division of labor by all manufacturers of that kind.

Q. The girl is sitting at the machine; she works there. How many hours does she work the machine, doing her part of the work?—A. Ten hours a day, unless she volunteers to work over-hours, and then she is paid extra.

Q. Are they allowed to work over-hours?—A. In some cases.

Q. How many hours are they allowed to over-work?—A. If we are busy we will request them to work maybe two hours more, and they will get extra pay for that.

Q. How many hours do they work?—A. They may work twelve or fourteen, according to the energy and industry and determination of the person working.

Q. Up to their capacity of work?—A. Yes, sir; and at other times, there being a sufficiency of labor, they do not work so long.

Q. Is there an abundant demand in New York for women who earn their living by sewing in this way?—A. I am told by vest-manufacturers that they cannot, at the present time, find hands enough.

Q. There are not sufficient hands?—A. Not sufficient skilled hands.

Q. Under that state of things are wages going up?—A. They claim pretty good wages. A girl earning the wages I said is earning pretty good wages, and they offer premiums if one-vest man can take away the hands of another employer in order to procure them for themselves, if they are skilled hands, and unskilled hands are briefly employed at very small pay.

Q. You think there is not too large a supply?—A. Not in that branch of business.

Q. Among the sewing women of New York for that labor?—A. In that particular industry.

Q. I speak, generally, of the clothing trade.—A. That is a different thing—the clothing trade. There is, perhaps, no business in this country that has so minutely a perfect division of labor; it is divided in every particular. The coat is taken out and cut; he has his operative for the sewing-machine, and the man that makes the lining, and his pressman; he has a particular presser and a particular finisher, for certain parts of the garment. So it is a complete division of labor. I wish, also, to impress upon your mind the great importance of machinery, and what machinery has done. It was no further back than this morning that I conversed with my father who was nothing more, forty years ago, than a mechanic, and he told me at that time overcoats were made by hand for six shillings, and the same garment to-day at the same price would be considered a very excellent and a good price. For what reason? The great division of labor, assisted by machinery.

Q. Have the earnings of those people, men and women engaged in the manufacture of clothing, increased or diminished since the invention of sewing-machines?—A. It has vastly increased.

Q. For how many months in the year? Is there more steady employment now, or less steady employment than there was prior to the introduction of sewing machines?—A. The employment has been variable, according to the times.

Q. It is more steady since the introduction of sewing-machines than it was before the introduction of sewing-machines?—A. Well, I think, as far as I could judge at the present time, and according to the past time, the employment has been pretty steady in our line of business. Of course, it has been very variable; the cloth business is fluctuating.

Q. I am comparing the state of things before machinery was introduced and since machinery was introduced. You say they get higher wages?—A. Yes, sir; higher wages and better work.

Q. And larger pay, and it has employed them as many hours in the course of a year as it did formerly?—A. Not as many hours.

Q. Their hours of labor are reduced?—A. Yes, sir.

Q. Is the employment as steady as it was before the introduction of machinery?—A. I must here again make a division between skilled and unskilled labor. Skilled labor is actively in demand at the present day, and cannot be had for the asking of it; but unskilled labor can be had at low wages, and is but briefly employed. Of course, in certain seasons of the year, the work being not so large is not so well paid; but, at the present time, I cannot to-day, for the skilled labor that I am looking for receive a sufficiency of it.

Q. You cannot get enough of skilled labor?—A. I can get a great deal of labor which is not skilled, and to whom I can give the commonest work, but they cannot be employed for any length of time, and it is with nervousness I give them a good garment; but for the skilled labor it is difficult for me to get them, and, if I have them, I must give them a sufficiency of employment at all times in order to keep them.

Q. In other words, as lawyers say, there is plenty of room at the top of the ladder?—A. Yes, sir.

Q. But not much at the bottom?—A. No, sir. I wish to call your attention to another thing which, perhaps, depresses the workingmen at this present time. I have conversed with a great many workingmen, and with many employed in rolling-mills, such as carpenters, and in every department of traffic, as far as I could find them; I have gone into their houses and saw how they lived, and conversed with them about their antecedents, what they thought their own future prospects were, and what they thought they could do with their children, and whether they were going to make mechanics of their children, and I have upon this data many deductions which are for me quite suitable. Now, in several cases the improvidence of workingmen is the greatest source of evil to them.

Q. Their own improvidence?—A. Yes, sir. I am not saying a word against them; I respect them as highly as any other man, but I refer back to every man who has advanced himself from nothing up, and he was a good mechanic, and, after having started a little, came forward. Go to any small town where large manufacturers are, and ask them how business is, and they will tell you it is dull; and why? Because the workingmen in the neighborhood have nothing to do. In a certain city in Central Pennsylvania I have conversed with perhaps more workmen than in any other town. I have been in the nail-factories and in the rolling-mills and I came in contact with

one who seemed to be an intelligent man in everything except in regard to his own personal advancement. I asked him what his wages were six years ago, and he said "From $125 to $150 a month, and to-day I do not earn over $60, and sometimes nothing, because the mill stops at times."

Q. How is the improvidence shown by the fact of their getting less wages?—A. I will show you: At the time when their wages were large they were careless; they followed all sorts of luxuries, and often lost time by it. They did not care for the future, but spent their money carelessly; and the party I speak of, I asked him, "Why didn't you save when you had plenty?" He said, "If I was as wise then as I am now, I would have saved, and I would not be in want," and I compared him to his neighbor who had saved $10,000, and he said he had saved when there was plenty.

Q. In other words, economy and frugality on the part of men, whether laborers or employers, is essential to succeed in life?—A. Certainly.

Q. You, of course, are very familiar with the clothing trade. Do you think that a larger percentage of the employers in the clothing trade have succeeded in life and avoided failing in business than there are among laboring men who have saved money and risen to a position of competence? In other words, is there any difference between the percentage of workingmen who rise in life and make themselves comfortable and employers who are engaged in business and who succeed?—A. That is a different point and a different question. Here we have in this city about 280 wholesale clothing-men, and picking out one after the other, I will assure you that they have all been laboring mechanics at the bench, and have saved, themselves.

Q. That shows a large percentage who have got up and made themselves successful?—A. Yes, sir.

Q. What proportion of the men engaged in the clothing trade succeed and retire with a competency?—A. The largest number of failures that have been in any trade since this trouble began, the clothing trade has suffered the least of any.

Q. How is it with other trades? Do you know, from reading the statistics, the number of men that succeed as employers?—A. Yes, sir.

Q. What is the percentage?—A. Between 2 and 3 per cent.

Q. Is there not as large a number among the laborers who also succeed in achieving a competence, and, when they die, leave something for their families? I want to know whether, in a comparison between those who succeed as employers and those who succeed as laborers in saving a competency, whether there is a greater percentage of employers who succeed than of workingmen. In other words, whether the margin of economy is not as large a percentage among working people as it is among employers?—A. I presume so; but the failure of an employer is, perhaps, due to many other causes than the poverty of a workingman.

Q. Is it not largely due to spending more money than he can afford?—A. Yes, sir; abstinence is the first principle of success.

Q. Do you mean that working people are more extravagant and less inclined to frugality than employers?—A. Yes, sir; they are.

Q. You say only 2 or 3 per cent. of employers engaged in business make a success of it?—A. Their failures are due to other causes.

Q. No matter what the causes are. Are there only 2 or 3 per cent. that actually come out at the end of their life with a competency?—A. Yes, sir.

Q. Don't you think there are 2 or 3 per cent. of the laboring class that accomplish that result?—A. Yes, sir; but if they were more economical, knowing what they are going to receive every week, they would be better off.

The CHAIRMAN. If I had any advice to give to workingmen, it would be, save when you can, be as frugal, and temperate, and industrious as possible, and it is almost certain that your lot in life will at least be a respectable and successful one. But it would be very unjust to leave the impression that the fault is all on the side of the workingmen and none on the part of the employers, in respect to economy and extravagance of living.

Mr. ROTHSCHILD. But remember that some of the merchants that have failed have never been extravagant in all their lives, and there have been other causes which caused them to succumb.

The CHAIRMAN. I think if you will take any of the first merchants who have failed, you will discover a long period of expensive living antedating the failure.

Mr. ROTHSCHILD. Not always. I am perfectly assured that the number of persons that have failed in this city have not failed because they have lived extravagantly, but have failed because others failed who owed them money, and because there was such a greatly diminished value of their stock. When stock was taken on the 1st of January, when $100,000 worth of stock on hand was offered for sale and brought $75,000, or 75 per cent., that caused failures.

Q. Errors of judgment?—A. Yes, sir.

Q. Suppose the employer had saved, at every step, all he could, would he not have accumulated a fund which would have secured him against errors of judgment?—A. Some would.

Q. A great many would?—A. Yes, sir.

Q. And those who do succeed as a rule succeed by that rule?—A. Yes, sir; the first principle of success is economy and abstinence.

Q. That is the technical term for the acquisition of capital?—A. Yes, sir; that is the very basis; without that there is nothing.

There is another thing I would like to speak of, which, perhaps, is a prime cause of depression. If we take the number of men living in a community—I don't mean in our personal direct community, but say in our whole country, or in England, or in any other country which is thickly populated—a vast number of people are poor and others are rich. Some people have stated incomes and other people have dubious incomes, but the fact is that a depression occurs in every country, not only ours; that for the number of people living in that country there is not a sufficiency of employment, even if inducements of any sort were offered; that the earnings and the possibilities of money coming in, or any other earnings, whether it is money or anything else, is not sufficiently great to support every one in the community. Now, I have found from an authority, I cannot state how true it is, that the annual savings of England and Ireland were between 600 and 700 millions of dollars—only £140,000,000. I notice that the population in 1871 of England and Ireland together approximated 26,900,000. The increase of England is about 3 per cent., the decrease of Ireland is about 5 per cent., and taking this inverse population we see the population is to-day about the same as it was in 1871. There are at present in England and Ireland 2,500,000 paupers.

Q. Where do you get your authority from?—A. Appleton's Encyclopedia.

Q. What year?—A. That is the estimate of 1871—2,500,000 paupers in England and Ireland together.

The CHAIRMAN. I am sorry to say that Appleton's Encyclopedia has made a mistake, or you have made it.

The WITNESS. I have not made a mistake.

Q. In 1871 the number of persons receiving relief from the poorhouse is officially returned as about 900,000.—A. That may be so, but even that would be bad enough.

Q. And at the present time the number receiving relief is about 726,000?—A. I hope I am mistaken in that.

Q. For what year was that return made?—A. The Encyclopedia does not give for a later period than 1871. I estimate from that that if the surplus of $600,000,000 or $700,000,000 were taken from those persons to whom it rightfully belonged and given to the paupers as wages, or if they were laborers, they would not, according to this, have sufficient to sustain themselves.

Q. Take it on the statement that there are 900,000.—A. Then they would, of course, receive enough to live comfortably.

Q. This net-profit estimate is the net profit of English industry after supporting everybody, paupers and all?—A. The profits were the result of labor, as far as I can understand.

Q. Not altogether. There is a large amount of profit in England derived from investments in foreign countries. Out of the £140,000,000 £50,000,000 is supposed to be derived from investments in foreign countries.—A. From those deductions I desire to state that I believe the number of employments that can be given to everybody are not sufficiently great to support everybody by his own industry and labor, and there is no legislation possible that can alter that, unless we arrive at the legislation of Sparta—unless we make every one the child of the government; and we cannot make a great institution of our country, for we would then become an establishment of sluggards and not a nation of industrious people.

Q. In other words, the institution of a paternal government employing labor would be a worse state than the present state, in which the government does not interfere?—A. Communities, as they are established at Mount Lebanon, in the State of New York, may be an excellent thing among 128 persons, but it would never do where a vast number of people live, where their capacities are so varied, and the strong would override the feeble at all times.

Q. If this committee thought it was all right, they could not do any good in that direction. That must be amended by the voice of the States. Now, if you please, go to another point.—A. Now, I will pass to another question, about which I will say little, though I have thought much about it. I don't care about discussing this at the present time; but I would earnestly impress upon you, as chairman and a business man, when you have merchants before you to call special attention to one particular fact, which is the source of a great deal of depression among merchants, and that is a defective system of credit. I do not see that Congress can do anything in that direction, but the tendency of the minds of merchants is directed in that way, so that among themselves it could be altered. Economists have paid too little attention to mercantile credit. I don't mean credit that we have by bills of exchange, but I mean the actual commercial credit.

Q. You must see that Congress could not interfere in that. You want to leave people free to make such bargains as they will?—A. Certainly, sir.

Q. What is the next point?—A. The next point is not, perhaps, within the province

of Congress, and I know it is within the province of legislatures—the importance of proper regulations for the advancement of the poor and laborers, intellectually and morally. This is a most significant point; and I believe if that point is once obtained the many discussions that arise from poverty among the laborers will not exist, and will abrogate itself by reason of superior intelligence, superior observation and good food, and avoid the adulteration of food which is going on. Give them nice, ventilated homes.

Q. Would you have the government provide those homes?—A. It is not a particular home for everybody; it is the prohibition of dirty houses.

Q. You mean a proper sanitary inspection, properly enforced?—A. Yes, sir.

Q. In other words, you think it would be for the interest of the working class of New York if the Sanitary Bureau would close up all these tenement houses?—A. Yes, sir; so that no noxious odors may destroy the life and health of their occupants.

THOMAS ROCK and CORNELIUS EGAN, of the Stonecutters' Society, reappeared before the committee, and Mr. ROCK submitted the following statement:

To the honorable the Congressional Committee:

At a meeting of the journeymen stonecutters, held at Central Hall, East Forty-seventh street, on August 2, 1878, Thomas Rock, president, in the chair, the following committee were appointed to furnish a statement of the condition of their trade, as requested by the Congressional committee now sitting in session in New York.

The committee respectfully submit the following:

In 1863 the wages were $2.25 per day; average time worked seven months. In 1864 wages were settled at $3 per day; and, owing to an increased demand for labor and increase in price of living, wages rose to $3.50 per day, with full average time worked seven and a half to eight months. In 1865 the wages were $4 per day of nine hours; average time worked eight months. In 1866 wages were $4 per day, and rose in the fall to $4.50 per day of nine hours; average time worked eight months. In 1867 wages were $4.50 per day of nine hours; average time worked from eight to eight and a half months. In 1868, owing to the prosperous state of trade, and the great increase in the prices of the necessaries of life, wages rose to $5 per day of eight hours average time worked. In 1869 wages were $5 per day of eight hours; average time worked eight to nine months. In 1870 wages were reduced to $4.50 per day of eight hours. There were about one-third of our men idle; average time worked about eight months. In 1871 wages were $4.50 per day of eight hours; average time worked about eight months, with a large percentage of our men idle. In 1872 wages were $4.50 per day of eight hours; average time worked seven months; about one-fourth of our men were idle. In 1873 wages were $4.50 per day of eight hours; average time worked about seven months. In 1874 wages, hours, and average time worked about the same as in the previous year. In 1875, in consideration of the depression of trade, wages were voluntarily reduced to $4 per day of eight hours; average time worked six months. In 1876, trade being in such a depressed condition, stonecutters voluntarily reduced their wages to $3.50 per day of eight hours to meet the times, and with a view of employing some of the idle members of our trade; average time worked six months. In 1877 our wages were $3.50 per day of eight hours; average time worked about five months, and about two-thirds of our men were idle. In 1878, our trade still getting worse, and with a view of more men being employed, we again voluntarily reduced our wages to $3 per day of eight hours; but even with this reduction, and this being the busiest time of the year, there is about one-third of our men unemployed.

In New York and vicinity there are about 3,000 stonecutters in all the branches of the trade. We have been stronger in numbers, but within the last two years a great number have been compelled to go to Europe in search of work that they could not find here at home. We respectfully call the attention of the committee to the injustice done to us by the importation of works of art, executed in stone in Europe, and admitted into the United States free of duty, thereby destroying one of the principal branches of our trade, the ornamental and monumental sculpturing, and preventing the young men from thoroughly learning their trade. Not assuming to dictate to the United States Government where it should have its work done, yet, as citizens of the United States, we claim that we are justly entitled to a share of its work for this vicinity without having to leave our homes and families and going to work on barren islands for the enrichment of contractors and boarding-house keepers. We respectfully ask your committee to use your influence in Congress to pass a bill enforcing the eight-hour law, making eight hours a legal day's work, a bill similar to that presented by Senator Spencer, of Alabama, last session of Congress.

ALEXANDER MORRISON.
JOHN HOLLEY.
WILLIAM FOWLIE.
DENNIS J. HORGAN.
CORNELIUS EGAN.
THOMAS ROCK.

By the CHAIRMAN:

Question. You are in favor, then, I understand, of a protective tariff as to stone-cutting?—Answer. Mr. Chairman, we understand that works of art done abroad come in here free of duty. Under that abuse the monumental portion of the trade of this country is destroyed. A gentleman can leave this country, no matter whether he is a proficient in the business, or knows anything about a figure, and can go into Europe and get eight or ten, or one hundred Italians, to do the work, and flood this country with that work.

Q. You are in favor of prohibitory or protective duties upon works of art in stone-cutting executed abroad?—A. Yes, sir. Of course you will see by our statement we are in favor of the eight-hour law; therefore it is our policy to make the government make us stronger.

Q. You want the government to make you stronger?—A. No, sir; we are strong enough ourselves; but we wish the government to enforce their own laws.

The CHAIRMAN. As a member of Congress and as a citizen I am in favor of the execution of the laws.

Mr. ROCK. Over in the navy-yard they will not enforce it.

The CHAIRMAN. I don't know who is in the navy-yard, but whoever it is should be punished. All a member of Congress can do is to bring it to the attention of the government.

Mr. ROCK. I wish to correct a statement that appeared in the newspapers, in which I was misrepresented, as to the action of the society with stonecutters who could not get work at society wages.

The CHAIRMAN. The newspaper reports are not always correct. The stenographer's report will be found to be correct; whatever you said will be found there. Write to the papers and have it contradicted.

Mr. ROCK. I would sooner have it contradicted here. There is no reason for us interfering with them, because any man who is not fit to earn $3 a day there is a scale of prices for him to work on.

JACOB JACOBS next appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. Who are you?—Answer. I own houses and rent them. Not being able to attend to my business lately, I have made a study of this question, and I would like to make a suggestion to the committee. I see Congress has the power to levy duties on goods sent from foreign countries to this country. I thought it would be well to suggest to this committee whether it would not be well to put a premium on raw materials.

Q. Have you read the Constitution of the United States?—A. I think I have.

Q. Do you find any authority for Congress to do that?—A. Well, if there is no such authority it could be amended.

Q. Your recommendation, then, is to amend the Constitution in that way?—A. There are a great many goods where the raw material is brought into this country, and would it not be well to make a premium upon them?

The CHAIRMAN. We will not go into the details. Is there anything else you recommend?—A. No, sir.

The CHAIRMAN. That will do, then.

WILLIAM HANSON was the next to appear before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. Are you a representative of any organized body, or do you appear on your individual account?—Answer. On my own individual account, and on account of wages workmen in general.

Q. Have they sent you as a delegate?—A. No, sir.

Q. I ask you whether you have been sent as a delegate?—A. No. sir.

Q. By anybody?—A. No, sir.

Q. What is your business?—A. A watch repairer.

Q. And you are engaged in business in New York?—A. I am working for my employers in New York City.

Q. You are an employé?—A. I am an employé.

Q. Have you studied the causes of the present depression in business?—A. I have given about ten years' study to the question.

Q. And have you arrived at any conclusion that you are prepared to state?—A. Yes, sir.

Q. State, as near as possible, what your conclusions are?—A. My own grievance is this: I am victimized every week to the amount of 75 per cent. of my wages by usury and increase; hence, I am a poor man and my family are in want.

Q. Is that victimizing in consequence of any laws of the United States?—A. In consequence of the laws of the United States and the customs of society.

Q. We are dealing now with the laws of the United States. Of course this committee can recommend legislation. Please specify which laws of the United States produce this result.—A. The laws in reference to the land is the basic cause of all our trouble.

Q. What law do you refer to in reference to lands?—A. The law which allows any individual company, corporation, or institution to occupy any more land than they can individually use and economically use.

Q. Well, what is your remedy?—A. My remedy is—let me state the natural law in the premises, and then let me give the remedy. The natural law is this, that every human being has an unalienable right to the earth and all it contains, to the extent of his individual necessity. That is the natural law. The order now is that the individual is allowed to occupy more than that, and when he is he is a monopolist. If he is allowed to occupy more than one acre more than he can economically and individually use, he is a monopolist.

Q. How would you ascertain what an individual can economically use?—A. Take a thousand farmers and determine by statistics what is about the average amount these thousand men can use; or take it in another way, any one single farmer, and let him determine, by his individual experience, how much he can use.

Q. Would you allow him to employ labor on the farm?—A. No, sir.

Q. You want him to cultivate it himself?—A. Abolish the labor system.

Q. You would not allow farmers to employ labor at all?—A. I would make it absolutely free for the individual to cultivate the soil, if he thought fit to do so; and furthermore, I would so arrange it that every citizen of the United States should have a spot of land for a home gratis. Whenever any individual who is not an agriculturist or gardener, or holticulturist has more, that man is a monopolist. If he has two or three plots, no matter what, he is a monopolist whenever he has more than he can use as an individual. That is the basic cause of all the trouble in every country in the world.

Q. You would prohibit farmers from employing labor; but, if a man had a large family to cultivate it with him, would you let him have a larger farm?—A. I would not prohibit any one.

Q. But there must be metes and bounds on a man's property. I ask you, then, when a man has a large family if he would cultivate a larger farm than a man with a small family?—A. Yes, sir; because if there are five or six in the family with himself to cultivate a garden, they ought to have five or six times more than one individual.

Q. Then you would allow large families to have large farms?—A. Yes, sir; upon that principle.

Q. When families were reduced by marriage or death, what would you do?—A. The portion that remains should return to the general government, except the improvements upon it, and this he should receive the just value of.

Q. Who would pay him?—A. Any one that wished to buy it.

Q. Who would pay him in the mean time? He could not cultivate the farm, and therefore it would have to go to waste.—A. The point is if the land were free; on that principle he would hire——

Q. Suddenly pestilence comes to a man with a large family and takes them off; but you hire nobody, according to your principle. His farm then must go to waste?—A. Not necessarily.

Q. Well, there are things that would require to be attended to and kept up. You would not allow that man to hire anybody, and if nobody comes along to hire it, it would go to waste?—A. Necessarily, under those circumstances.

Q. Would not the community be injured by having a productive farm go to waste? Would not there be less production?—A. There would be less, necessarily. If there was any malaria to take off that family, who is to blame?

Q. It might be an explosion of gunpowder?—A. Well, suppose it is a stroke of lightning, what then?

Q. Well, I ask you what then? The farm would stay idle.—A. Necessarily, until somebody took possession of it.

Q. And the production would cease?—A. It necessarily would.

Q. Go on again.—A. That is all. What is your point?

Q. I want some information; that is what I am after.—A. I don't see you have got any. I said, to begin with, I was victimized by usury and increase, and I have also enunciated a law which no one can successfully dispute. There is another law I wish to enunciate: it is that genius is non-transferable, incommensurable with money, and therefore absolutely priceless, as much so as the air. That is another natural law.

Q. What is the deduction from that?—A. I will show you pretty soon. Another natural law is that culture is non-transferable, incommensurable with money, and therefore is as absolutely priceless as sunlight. The only thing, then, mankind can do is to exchange work for work. Another law I wish to enunciate: Suppose that all work is expenditure of vital force, whether it be through the medium of the brain

or muscle, it is the same stuff, and consequently an average hour's work of the head is equal to an average hour's work of the hand.

Q. Whose laws are these?—A. God's laws.

Q. Are they recorded anywhere?—A. No, sir; I see them.

Q. Were they revealed to you?—A. No, sir.

Q. Then they are God's laws as you see them?—A. Just as Moses saw them. The law of Moses was that the land shall not be sold to another.

Q. Had Moses a right to say what God's laws were? Moses was the recognized interpreter of God's laws.—A. He is, by the Christian.

Q. Now, you say you are the interpreter of God's laws, as Moses was?—A. Certainly.

Q. Are you then a recognized authority for the interpretation of God's laws?—A. Never have been recognized as yet, sir. Now, if you will prove that these are not natural laws, I will back out.

The CHAIRMAN. I don't propose to prove anything.

Mr. HANSON. I will prove nothing; I simply enunciate an axiom.

Q. Then that is an axiom?—A. I affirm, then, that genius and culture are non-transferable, and the only thing you can exchange in this world is work, whether of the head or hand.

Q. Suppose people are willing to pay for work done by a genius, can you prohibit the genius from taking pay?—A. No, sir; he shall be paid the just price of his work.

Q. How measured?—A. By work.

Q. How?—A. By time.

Q. Time is the standard of measure for everybody?—A. Time is the average. Take one hundred bootmakers who are equally good workmen, and let them be required to make boots for one week; then let them add up the sum total of the time, and divide the time by the sum total of the work, and you get the average cost of the boots.

Q. That is working by hand or machinery?—A. It is immaterial. Then you get the average cost of a pair of the boots. One man can make two pair in a week, another six. The man that makes six gets——

Q. Your proposition is that the man that makes six should get no more than he who makes two?—A. He should be paid the average cost of six.

Q. Then time is not the measure?—A. Time is.

Q. You mean time is the measure of value, but the quantity made in that time is to be measured according to value?—A. Certainly. Then the hardest worker, the man that had the most energy, would be the richest man, while he who would work less would be paid less.

Q. Take the case of an inventor like Edison. These bootmakers, who can only make a pair in a given time, send for Mr. Edison, who is a man of genius, and say: "Mr. Edison, can't you enable us to make ten pair of boots in the same time that we make one?" He tells them he can, and they make them. How are you going to compensate Mr. Edison?—A. By the time consumed in producing the invention.

Q. The value of the time that is occupied is to be measured by bootmaker's average time in making boots?—A. That is the only way you can do it.

Q. Supposing Mr. Edison said, "I won't do it for any such price"?—A. Very well; then you can keep it to yourself.

Q. Society would not get along quick that way?—A. I would risk it. The flat I have occupied in Brooklyn during the last six years has cost me $300 a year; I can take $20 and put that flat in precisely the same condition as I got it. Still, suppose it cost $2,000, which is a very large estimate for that, and it will give the landlord that advantage—that it is actually worth $2,000. If it were my own, I should want to insure it, and a half per cent. on that is $10 per annum. We have expenses 3 per cent. per annum, $60, and $20 to put the flat in as good condition as I got it; that is $90. When the landlord is paid that amount he has taken from me, for six successive years, $210, for which I have not received anything.

Q. Why pay it to him?—A. Simply because I could not help myself; the land is not free. If I could have a spot of land on which to erect my own home I would not pay a man a cent.

Q. There are lots in Brooklyn now at very low prices?—A. Who has got lots to sell?

The CHAIRMAN. I don't want to act as real-estate broker, but I do know of lots of land in Brooklyn at low prices.

Mr. HANSON. I don't propose to buy it; and I hold that because the men who are occupying them don't need them they are monopolists; land is not worth a cent.

Q. Then, if it is not, why do you want it?—A. Because I want a spot of land on which to erect my home.

Q. Then, if you want it, it is worth something?—A. In the sense of utility.

Q. Utility is a measure of value?—A. No, sir.

Q. Why do I go and pay for a pair of boots?—A. Not because you need them, but because you use them. You pay for a pair of boots if you pay just the amount of labor impressed upon them. The utility of these boots is incommensurable with money.

Q. If you don't pay $6 or $8 you don't get them; that is the value?—A. That is totally arbitrary.

Q. Suppose I tell the man it was arbitrary to charge me $6, and that I would only give him $3, would he give them?—A. No.

Q. That don't fix the price of boots?—A. No; but it ought.

Q. By what law?—A. The law of justice.

Q. The natural law is supposed to be the law of justice?—A. There is no such thing.

Q. There is no justice?—A. No, sir.

Q. Well, now you are opening my eyes; I thought there was *some* justice.—A. That is it, there is so much injustice I can't see where the justice comes in. What *is* justice? Now, the whole question rests right in that very little word, what is justice. Well, any man can demonstrate it.

Q. That is not a question before this committee, the definition of justice?—A. No, sir; but it is a question I am perfectly interested in.

Q. But this committee is to find out certain causes of business depression. If you will give us some practical suggestion by which we can relieve the present distress, we will be obliged to you. By going into these abstract questions you are excluding others, and I must ask you to cut it short.—A. My object in stating the natural laws was simply to show we must obey them, and the laws of our government must be in harmony with natural law.

The CHAIRMAN. Certainly.

Mr. HANSON. Then we ought to repeal all the laws on the land question. Then enact that every citizen of the United States shall have a spot of land for a home.

Q. Do you not know that any citizen of the United States may go and enter 160 acres for settling on it?—A. Of course I do; but within a radius of ten or twelve miles of the Battery Park there is plenty of land owned by monopolists, and I don't want to go away.

Q. And you want a spot of land in New York or Brooklyn?—A. Yes, sir.

The CHAIRMAN. The government can't do that. The lands in New York and Brooklyn belong to the State of New York. We have got all the public lands, on the contrary, open to settlers, as you propose.—A. They are not as I propose.

Q. Well, we have done as other people like you propose; you are in the minority.—A. Well, that does not help the case; I am presenting to you the facts as they are, and showing you the state of myself and family.

Q. Yes, but your remedy Congress has no power to employ.—A. I beg your pardon.

Q. How can Congress authorize you to enter upon a vacant lot in New York or Brooklyn? The Government of the United States can't do it.—A. The Government of the United States can repeal all laws.

Q. Can the Government of the United States repeal all land laws of the State of New York?—A. No, sir.

Q. Then why present that to this committee?—A. Well, I was only giving you the cause of this distress.

Q. But that cause of this distress is one that members of Congress are powerless to affect. Give me something practical to go to my fellow-members of Congress with. If I go and ask them to do something forbidden by the Constitution, they will laugh at me.—A. Well, I will give you one thing: you can ordain that we shall have money without interest.

Q. How?—A. Let it be a paper money; upon the face of that money stamp one dollar; make it a dollar absolutely, two dollars, five dollars, any multiple of one; then let the financial currency be any fraction of that unit; then let it be issued to the people over government counters, at the simple cost of service, on ample security, and then let that money be returned over the government counters at the expiration of the time for which it was borrowed. The consequence will be, since rents are as the interest, the rents will tumble down very nearly to the price of money, necessarily, logically. That is what you can do; that is one suggestion; you can help the workingman in that way, by casting down the rents.

Q. Only by the issue of this paper money?—A. By the issue of that paper money, on ample security, as the merchant by his notes.

Q. What would be the security?—A. Anything that is proved to be good security.

Q. Proved by whom?—A. By the agent of the people who loans the money to the people.

Q. Suppose the agent was a government officer; suppose there should be a man in charge who is dishonest?—A. Then hang him.

Q. Yes; that is what we would like to do. Who will convict him?—A. The people that he has swindled.

The CHAIRMAN. We can't do it now.

Mr. HANSON. Simply because we have not justice.

The CHAIRMAN. That is the great complaint in the city of New York, that for years we have had officials that don't do their duty.

Mr. HANSON. Then we will have to refer it by and by to mob law, as they did in California years ago.

Q. Mob law is a good remedy you think?—A. Mob law is a good remedy when you can't reach them by civil law.

Q. What other remedy is there?—A. I want to show you that by the profit system I am robbed of fifty per cent. of my wages by the profits; that is to say, a part of my wages are taken from me every year, for which I receive no corresponding equivalent whatever in any kind of work. That is why I am poor; that is what is the matter with the workingmen. Every merchant that trades with a merchant makes profits, because increase bears increase, but it is not so with the workingman; even if he buy lager beer he is victimized 150 per cent. The trouble lies in this, that if I get as much work for my wages as I have given for my wages I would never be victimized. The hod-carrier that carries the hod for $2 a day, if he got as much work for that $2 as he gave would not be victimized, but the truth is I am compelled to give to my landlord sixty days' work for which I get nothing, and I give more than twice sixty days a year for which I get nothing.

Mr. CHAIRMAN. That may be the case, but, as I have explained to you, the Congress of the United States is powerless to remedy this.

Mr. HANSON. I have given you one remedy.

Q. That is to issue paper at security?—A. Yes; let the security be actual labor profits of some kind; you may let it be bullion, if you like, or it may be a company of men for co-operative purposes; take the bond of that association for the money they use to carry on their business, and then loan it; let them have it without the interest; the interest is the damning curse of this age, and we must get rid of it; and I, as a member of the labor party, will never stop until we do.

Q. That is, the interest must be abolished?—A. The interest must be abolished absolutely and forever in the United States.

Q. You say no man is to receive interest on the money he lends?—A. Not unless he gives an equivalent in labor for it.

Q. I understand the interest is to be abolished?—A. Yes, sir.

Q. Is that the last suggestion?—A. Well, I don't wish to occupy more time; I have given you one good suggestion.

The CHAIRMAN. Yes; we have had two, I understand.

HENRY SCHRAEDER, the next person who appeared before the committee, was questioned as follows:

By the CHAIRMAN:

Question. I must confine witnesses from this time out, for the rest of the session, to the exact points of the investigation. Now, first, what is your business?—Answer. My business is that of a piano-maker.

Q. Piano-maker; employer or employé?—A. I used to be in the piano business; I am now a teacher.

Q. Are you prepared to state what you believe to be the causes of the present distress?—A. I think so, sir; I have given this considerable thought.

Q. Be good enough to state the causes simply.—A. The first gentleman I heard this morning I heard compliment Congress for sending this committee here, and I was of the same opinion, though I wonder at your patience; I hope I will not try your patience. In reference to the causes of the depression and state of affairs, I consider it to be such as have been mentioned this day, and after a gigantic war as we had, it expending so much money, and all money mostly loaned, we could not expect at the end of it that anything else would follow but depression; a million of soldiers almost out of employment were thrown upon the market of labor, and then all the industries which were then engaged helping to carry on the war also ceased. This produced a large amount of superfluous labor. I know this will not remedy the matter, but to come back to the cause of it: If Congress at that time had passed laws by which men could have been employed, that would have prevented to some extent this depression.

Q. We had all that stated by the witnesses yesterday, and it was found out that during the year 1872 and before that they all had employment, and that was corrected; no matter how it was done.—A. I know we had here an account of the wages of the stone-masons which showed principally what I wanted, but we had a conflict with capital and labor which was the cause of the depression somewhat. I come now to how to remedy it. I believe if we had postponed paying our national debt, as we have to pay the interest and the principal, I think if we had postponed it twenty years or more, and tried to develop the industries of the nation, then we would not have had this depression. I believe this reduction, which came from the fact of the existence of unemployed capital, was ruinous to real-estate owners; and, of course, they have suffered, and are now poor, as poor as the laborer. I consider the laborer and the capitalist are as poor as they well can be. My remedy would be this: it is necessary to have an immediate remedy, not a remedy that would be necessary to change our government and abolish Congress almost. I just confine myself to what

would give an immediate remedy, because while we are here men starve, and for that reason we want an immediate remedy, and for that reason I have some points to give. First, to establish a central labor bureau at Washington, which would have connecting branches in all such cities and places where required. Second, these branches could be conducted and superintended by gentlemen from our Christian churches. Third, these branches to go to work at once and find out who wanted employment, to classify the same as to occupation, age, sex, nationality, &c. As this is a humanitarian matter, I think plenty of gentlemen could be found to do it quickly enough. I think we must look upon our people as one family, and our government as a paternal government; and it would not be proper for a man while he has a family suffering to wait to see what he is to do. I claim that Congress should not be praised too highly for sending this committee, but still we are thankful for it.

Then the relief. I would suggest that those who can, be employed in the cities on public works or improvements. Then there should be industrial homes established for such as can't do heavy work and have no trade. Then I propose settlements for such as could be removed. Families and single persons who may not be employed in the cities, to form them into colonies and let them be placed in the West or South, where States hold out certain inducements, to be provided with agricultural implements, &c., like we do with the Indians. Their farms or other property would be a security to refund the government the money expended, say in ten annual installments. These colonies would, with care and judgment, become the means of establishing future towns, and would be beneficial for all.

Q. Do you know there are bills pending in Congress to do what you say?—A. Well?

Q. There are bills pending there.—A. Well, I have come to give my opinion. We must look to our government in the future more to be a paternal one, to harmonize the conflicting interests between capital and labor, which seems now to be the trouble all over the civilized world.

I propose, 1st. That a bureau at Washington, with the advice of delegates from trades-unions and employers, should establish fixed wages for all trades for one year or more, which could not be changed. 2d. That the time of labor should be lessened to eight hours, to give the working classes an opportunity for intellectual improvement, and provide institutions for this purpose. We will have to do something in this direction to elevate the standard of the people if we wish our free government to continue. We must have a social, political, and religious reformation, the Bible to be our text-book, and God in Christ Jesus our teacher. 3d. It is necessary that no children should be allowed to be employed under fourteen years of age. The central labor bureau at Washington to be informed by the branches of all superfluence or scarcity of laborers, and direct the same accordingly. A general supervision should be established, and all disputes settled through the bureau at Washington.

I have to propose certain reforms: First, that all our bonds should be recalled, and greenbacks issued in their stead, or the bonds only be held in this country. Second, to produce all we can in our own land, and import as little as possible. As long as there is such diversity in point of social condition among nations we must have a protective tariff to do this. Third, we must see that we own our own ships and do our own carrying. Fourth, then the proper education of the people being paramount to their happiness, nothing should be left undone to keep our children and youth constantly learning; therefore all our children should go to school and continue up to the twentieth year, even after that time. Men should have constant inducements and opportunities for to obtain knowledge, for to cease learning is to die spiritually.

I also wish to state here that we have had considerable to-day about the natural law; the gentleman previous to me stated about it; but there is one natural law, and that I believe is morality as we have it in the Bible; and that I recommend to be used by every one. It is not a great deal that is necessary; we must leave this matter considerably to itself, to rectify itself by such laws as we have seen operate since the world began, but I think we must do something in directing them, and directing them properly. I also wish to state, in regard to a question asked by one of the gentlemen, and that is in regard to the machines, in respect to the eight-hour law. We don't expect to legislate for machines, we legislate for men; and therefore where machines are used all the time we would have a new gang of men to put on; if the eight-hour law were passed, we would have another gang of men to take the other's place.

The CHAIRMAN. That was stated.

Mr. SCHRAEDER. Yes, sir. I have to make here a remark, if you will allow me, as to the remarks made about working on vests.

Q. Are you a tailor?—A. No, sir.

The CHAIRMAN. Well, then, I must decline to let you go into that, or give your opinions about tailors' business.

Mr. SCHRAEDER. Well, excuse me, sir; I carried on an industrial school last year.

The CHAIRMAN. Well, practical things we want, but it is idle to go into other people's business.

WILLIAM WITTICK was the next person to appear before the committee, and was questioned as follows:

By the CHAIRMAN:

Question.—What is your business?—Answer. I am connected with a publishing-house in this city.

Q. Are you a delegate from any body?—A. I am not, sir.

Q. You come to give your individual opinion?—A. I do, sir.

Q. Have you got any opinion on any point that has not been presented to-day?—A. I think I have, sir.

Q. Will you confine yourself to something new?—A. I will promise to occupy not more than seven minutes of your time.

First. We have enormous facilities for production, and only a limited outlet for distribution. The introduction of self-acting machinery has been the prime cause of increased power of production, and the same agency is constantly contracting the field for distribution by lessening the demand for labor, which, under the law of supply and demand, constantly depreciates in value. Take, for instance, the manufacture of hair-cloth. The hand-loom, which was formerly used, required two operatives to tend it. The power-loom now used needs only one woman to ten looms. The invention of the power-loom, therefore, throws out of employ nineteen out of every twenty operatives. In our iron-founderies, machine-shops, mills, factories, and in every branch of industry, the same influences have been at work in a greater or less degree. One deplorable result has been the substitution of female labor for male labor in occupations that, with my estimate of woman, I consider demoralizing to her and to the community at large, and a disgrace to mankind. Thus machinery, which should be a blessing, is actually a curse to laber. Now, what is the remedy? I assert, partially, legislative action, and, partially, co-operation of the working classes. They must organize in their respective vocations, shorten hours of labor proportionately with increased powers of production, and demand (what they never yet have had), a fair share of the fruits of their handiwork. Labor must no longer "build houses for others to inhabit them, and plant vineyards for others to eat the fruit thereof." And if capital endeavors to run in cheap labor from China, or any other place, workingmen must by the ballot control the government and prohibit such action. We must not let labor be degraded to the European level, much less to that of the heathen Chinee. The relations of labor and capital to-day inevitably tend to such a degradation, and the ultimate will be, unless checked now, the Mongolian will drive out the Caucasian, or reduce him to his miserable level. (I refer to an article in the North American Review, I think it was the issue before the last, which will indorse what I state.) The mission of the American workingman is to lift up his brothers all over the world to his high estate, and not to descend to their low and servile condition.

Second. The depression of labor has been caused also by the blundering financial policy of the government. During the late war the needs of the country called for foreign and domestic loans; when the banks had run dry, and foreign capital was scared, the government issued its legal-tenders—greenback—and by doing so kept its Army in the field and won the day. This money was taken by our merchants, manufacturers, soldiers, sailors, and everybody who could get it, and used by them as a medium of exchange, a representative of value the same as the best money that ever was coined. It entered into the business of the country and appreciated values to a greenback standard. Now, when a man has put his money in real estate, in stock in trade, &c., he cannot reconvert these collaterals at a moment's notice; at the best he can only borrow on them. As we know, at certain seasons of the year the money of the country flows to New York to be called for again when needed to move the crops and pay for the season's merchandise. The banks were false to the country, and used the money of the merchant and farmer to buy interest-bearing gold bonds. The merchant came East, bought large bills of merchandise, as usual, gave his sixty-day and four months' notes, and went home expecting a good fall trade. This was in 1873. When his notes fell due he applied to the country banks for money. They had none. New York banks had none to spare either, and, with ample collateral, the merchant was helpless. He renewed his notes, for which he was charged heavy interest (seven per cent. per annum), to find, in many instances, that when they again matured he was unable to remit. Meanwhile his real estate and other collaterals melted before his eyes, and the end was bankruptcy. This individual instance represents thousands of cases which, in the aggregate, reacted upon and depressed labor.

The remedies for the depression I would suggest are these: Realizing that the damage done by the ruinous contraction of the currency is irreparable, any unsettlement of the volume of currency now would be injurious either to the debtor or creditor classes. We have emptied our quart into the pint measure, and met with a loss by so doing. Now, let us ease the burden of taxation by decreasing our bonded indebtedness as fast as possible, and by honesty in national, State, and municipal affairs, demonetize gold and silver for domestic purposes, using paper money instead, and so free ourselves from the owners of the gold of the world. Prosecute internal improve-

ments on a grand scale, thereby giving employment to labor at remunerative wages, and widening the field for the distribution of our products. By so doing we shall soon see our mills, factories, and workshops in full activity, and we shall start on another spell of apparent prosperity—apparent for the reasons I will now state.

The CHAIRMAN. We have had all this over and over again. You have got it all written out. If you file it with the committee it will be considered with the other documents. What is the object of a man standing up here simply for glorification to the crowd———

Mr. WITTICK. I think you are unjust.

The CHAIRMAN. I am sorry if I am unjust; then I will take it back—that part I will take back; but really I am tired, and what is the use of going on with things we have heard so often?

Mr. Wittick then handed to the stenographer the remainder of his paper, which is as follows:

"My remarks so far apply to the condition of things as they actually exist; but now I will say, thirdly and lastly, that our entire system of political economy is wrong. Under it panics, at certain intervals, are inevitable; as is also the creation of a tyrannical money power to the degradation of labor. Labor creates capital, and capital taxes labor for its support. A man starts in business, and by his own and other men's labor accumulates wealth, with which he increases his stock, adds to his business capital, and, maybe, builds a marble store. On this stock, this capital, this building, he claims interest year by year from the very creators of his wealth. This system, in the aggregate, piles a burden on the back of labor, which soon becomes too heavy to be borne, and then comes the inevitable panic. England taxes the whole world to pay interest on its capital, and even now labor groans under the burden. Witness the constantly recurring strikes and labor troubles in that country. Interest in any form is usury, and usury is a crime.

"Now for the remedy: I claim there is one, and one only; that is a communistic, socialistic, co-operative system of doing business, under which all would work for the good of all, and not, as now, in antagonism to each other. Then the cry of overproduction would not be heard until all were clothed, fed, and housed; then the corn in the West would not be left to rot while loaves were needed by the hungry; then we should ship coal from the mines so long as there was a shivering human being needing warmth; then the merchant would not fear bankruptcy in his old age, after a life of industry; and, generally, the constitutional permit for the pursuit of life, liberty, and happiness would be no longer a mockery to honest labor. And, visionary as I may be deemed, I believe the time will come when this system will be inaugurated by the civilized world."

GEORGE WINTER next appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. What is your occupation?—Answer. I am a cigar-maker.

Q. Are you a delegate from any association?—A. Yes, sir; the German Workingmen's Association of Williamsburg.

Q. A different association from the one that has already been before the committee?—A. Some of the members of this society have already been before the committee, but I will be very brief.

Q. Are you a member of the same association who have already sent their president here and who has made their statement?—A. Yes, sir.

The CHAIRMAN. Well, we can't recognize anybody but the president. He has been here and had full time; they sent us a delegate, Mr. Strausser, who made his statement, and took an hour; then why should we go on with the same matter which has been gone over?

Mr. WINTER. I will bring something new, and will not say anything that has been said.

The CHAIRMAN. Well, I will have to stop you if you do. That association has been heard, and there are others waiting, and it is not just.

ALEXANDER JONAS. Allow me to explain: Mr. Winter, on account of his deficiency of the English language, is not fully aware of everything you have asked him, and he is not a representative of the same body that Mr. Strausser was the other day.

The CHAIRMAN. He said he was.

Mr. WINTER. I will be exceedingly brief, because I only come here in order to state my full concurrence with all that was said, or nearly all that was said, by Mr. Douai the other day, and by Mr. McNeal this morning. We concur in their views with the causes of the present distress; and, without dwelling on the causes, we recommend to you as the chief object of the workingmen the eight-hour law, and the establishment of a statistical bureau, and the prohibition of children under fourteen years of age from working. All other plans we leave to the future. We know if you give that to the workingmen, they will fight their way through anyhow. I only differ with Mr.

McNeal in this: He wanted to be exceedingly practical, and so he told you you might issue an eight-hour law only in government offices and everybody connected with it, as he stated this morning. Now, of course, only an amendment is necessary in order to have that law made for the whole United States, for all the factories and for all the workshops; and, as an amendment to the Constitution was made for the abolition of black slavery, I think it is just as necessary to have the Constitution amended for the abolition of white slavery. That is only what I have to suggest; and perhaps I should explain to you how the eight-hour law is working. For instance, if there were one thousand workingmen engaged in one branch of trade, and by some cause, say by the improvement of machinery, two hundred of these men are thrown out of employment, now, what is it that leads the employer to bring down the prices of these laborers? Those two hundred men being out of employment; nothing else. These wages are paid for a short time; then the two hundred workmen thrown out of employment, after having eaten up their savings, come and offer their labor, the only capital they have, for lower wages. The boss, of course, goes to his workmen and states they will have to work for less or go out; they have to work for less. Now, if by that new law these two hundred hands are in employment, and there are no other hands in the market, then the workingmen will take and regulate the price of their labor, and in this way they will pull through. Of course, the difficult thing will be if machinery should be again improved. Every employer who in this way has been treated will think of new machinery to get rid of his workmen. Well, if the machinery should be again improved to throw hands out on the market, then the working day will have to be reduced to seven hours; because this is a saw that never cuts blunt; that is all I have to state.

JEREMIAH E. THOMAS, a colored man, next appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. Where do you live?—Answer. 252 West Twenty-sixth street.

Q. Are you a delegate?—A. No, sir.

Q. What is your business?—A. Waiter and porter.

Q. Have you been studying the causes of the present distress?—A. Since I have been out of employment I have had occasion to study it.

Q. What is the difficulty in your branch of business?—A. The difficulty in my branch of business has been for the last three or four years that the cities have been promising good wages, and a great many of my people have come to the city, and now we have come here wages have got down, and we have not got money to get out; and I want you to relieve the poor colored people and help them to do something; and it is this, give the men in the city of New York, or any other city, who are out of employment, money, and let them go South or West, and provide for them for eight or twelve months. If you do that, I guarantee you will do a very great many of my race, our people, and myself, good; and I will go any day that any man gives me the opportunity to do so. That is what I ask, and no more.

Q. You want the government to give more money to all people who are out of employment to go somewhere else?—A. No, sir.

Q. But you want it to be used in that way?—A. Yes, sir.

Q. Suppose government could not find any place where they could get employment?—A. But, sir, there are.

Q. Do they want waiters down South?—A. Yes, sir. I am not particular about waiters' work. I would rather have anything else that I could get.

Q. Was there a demand when you went away?—A. Well, they were paying $4 or $5 a month, while here they were paying $15 or $16; but now they have no work. I thought I could have a farm, and live with a full stomach, and be as free as anybody else, but I can't do it now.

WILLIAM WAGNER was the next person who appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. What is it you wish to offer testimony about?—Answer. I wish to give an explanation of the causes of our distress.

Q. Whom do you represent?—A. My individual self.

Q. You mean your own individual distress?—A. No, sir; I mean the distress of society, of which I am a member.

Q. What is your business?—A. I make cigars for a living.

Q. You make cigars?—A. Yes, sir.

The CHAIRMAN. Well, we have had a very full statement of the cigar-maker's ills from two men.

Mr. WAGNER. Well, three heads are better than two; I may have something different. How do you know I am going to give the same?

Q. What is your explanation of the distress?—A. My idea of the causes of the distress of society is the fundamental law underlying that society, and that is competition.

Q. Competition?—A. Yes, sir; the competitive system.

Q. Well, now, for two days we have had the co-operative system recommended as the remedy for the competitive. Do you think you can give any new ideas? and, besides, do you think Congress can abolish the competitive system?—A. No, sir.

The CHAIRMAN. Then I decline to hear you, unless you can make some such recommendation.

Mr. WAGNER. Well, sir, I understand this committee was appointed to hear our distress.

Q. Well, what law will you have us repeal?—A. I would have no laws repealed; I would have laws made.

Q. What laws would you have made?—A. I would reduce the hours of labor.

Q. We have had that *ad nauseum*. What else?—A. Compulsory education.

Q. Well, we have had that. What else?—A. I would have a bureau of statistics.

The CHAIRMAN. Well, we have had that; that will do; stand aside.

A. MERWIN next appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. Export business.

Q. Are you a representative of any organization, or only of yourself?—A. I represent myself and nobody else. In order to find out the causes of depression, we have to find out the necessities for doing a good prosperous trade. If there is anything lacking for the prosperity in trade which we had five or ten years ago, and which we don't enjoy now, let us see. We have to-day, as at that time, a good soil, abundance of crops, the same amount of workmen, or even more, the same amount of capital, as many railroads, as many canals; everything necessary for production the same. We have as much capital in the country as at that time; in fact, we have more than at that time. Is there any other element necessary for the prosperity in trade? I have asked two or three gentlemen on that point. They told me yes—*confidence*. I will not enter into that point here now about the question of confidence, because they had to admit that was a secondary cause, not a primary cause; not a cause, but a consequence. Do you know any other? No; I do not.

Now, gentlemen, if I can point out an element which rides along with these others, like foreign trade, or anything like that, I believe I will have told you something new, I believe if I asked you do you know such an element, you would say, "I do not." It is *parsimony*. Parsimony is generally considered a virtue. Without parsimony on the part of some of our citizens, on the part of our fathers and forefathers, we would not have as much wealth now, which is enjoyed by those who own it. Parsimony! I believe that desire can be exaggerated. Suppose all people came to live in the same style as Chinese, a little potatoes and rice, one suit of cheap cotton clothing for the whole year, what would be the consequence? I say the industry of the whole nation would be reduced to the production of a few potatoes and a little salt, and one suit of clothes for each man. If parsimony were carried on to such a degree, it would be an evil. There must be a limit between the two, where parsimony ceases to be a virtue, and where it begins to be an evil. The question with us is, have we reached that limit? Have we reached that stage where parsimony is no longer a blessing; where it is the cause of our distress?

Q. Assuming that that is so, what is the remedy?—A. Allow me to say I did not hear any one go into the cause of the evil to offer proof for what he said was the cause. I have come here to give the cause of the evil, to confine myself to the cause only, and give you full and ample evidence that what I give as the cause is the cause. I don't want to give any remedy. Now, come to the point; if you ask any business man about the stagnation—for instance, "Why don't you go on with your business the same as you did five or ten years ago? Why not go on with your stock of goods as before?" What will he tell you? "I can get the goods easy enough, but if I did buy I could not dispose of the goods." If you ask the manufacturer why he don't go on with his business the same as formerly, he says, "I can produce it; my workmen are anxious for work, but if I produce as much as I formerly did I could not dispose of my products, and if my obligations were due I could not meet them." This is a plain fact. It cannot be disputed by anybody. I take up my points in order. No. 1. Our present stagnation in trade is caused by the fact that producers and dealers cannot sufficiently dispose of their goods.

The CHAIRMAN. That is a fact.

Mr. MERWIN. Why can't they dispose of their goods? I propose to follow up this question.

Q. Would not the workingmen spend the money if they had it?—A. That is just the point I am coming to.

Q. Would not the workingmen spend the money if they had it?—A. Yes, sir; they would.

Q. Then the parsimony, as far as they are concerned, is forced upon them?—A. I don't know what you mean by that.

Q. You say if they had the money they would spend it?—A. Yes, sir.

Q. Now, if they have not the money they can't spend it?—A. The parsimony is on the part of the men who have the money. Why can't they dispose of the goods? Are they dearer than before? No; they are cheaper. They do everything they can to dispose of them, but they can't dispose of them; the cause is not with the producers and dealers; it is with the people; the people will not buy. I come to my point number two, that our producers and dealers cannot sufficiently dispose of their goods because the people don't buy them to such an extent as before. Why don't people buy as much as before? Because they don't earn as much as before. There are two points. The third point is that people don't buy so much as before because they have not so much money to buy with as before. Now, we have one fact here, and we have another fact contradicting that fact, apparently. We have as much money in the country to-day as we had five or ten years ago; in fact, more. If the currency is contracted a little the remaining currency will buy more; it is worth more. Money is in the country. If you ask any workman if he has as much money as he had five or ten years ago, he will tell you no. If you ask a business man he will tell you no. Where is it, then? With the cash capitalists. Let us make a distinction between the capitalist and the people. It is the cash capitalist on the one hand and the great masses of the people on the other. The great fault is that the cash has the tendency to remain with the cash capitalists; it does not come out of their hands. Allow me to follow up this argument. What do we need for the revival of trade? In order to relieve the stagnation in trade we need more disposal of commodities. Which is the first requirement in order to dispose of commodities? Demand for commodities. What do we need in order to have demand for commodities? Buying on the part of the people. What do we need in order to make people buy? Money in the hands of the people. What do we need in order to put money in the hands of the people? Earnings on the part of the people. What do we need in order to secure earnings to the people? Work for the people. Which is the first requirement in order to provide work for the people? Demand for the products of work. This is equal to demand for commodities. What follows from that? The first point is identical with the second; the second with the third; the last one with the first one; they are all identical. They all mean prosperity in trade. If you have established any one of these points you have established all of them. Mr. Chairman, I wish you would contradict me if I am wrong.

The CHAIRMAN. No; there is good authority for what you say; the first shall be last, and the last shall be first.

Mr. MERWIN. I don't see why it should be laughed at. These points are like the spokes of a wheel; if you put any one of them in activity, they are all in activity; if you stop or impede any one of them, you impede all of them. Mr. Chairman, I have offered to produce to you one element of prosperity which we had five or ten years ago which we have not now; it is money in the hands of the people. Money in the hands of the people existed five or ten years ago. It is a fact that that element is wanting wherever a nation is in a starving condition. If you go through past history, go to Europe, you will find where the capitalist disposes readily of the money, there prosperity and trade exist. Why, in our case, don't the money come out of the hands of the people? Why did it years ago? Because at that time we were building up railroads and properties to an enormous extent. The needs of the people have not followed up to the same extent as the capital, and in consequence the money that is now going into the hands of the capitalist, it is not brought back. Suppose a man like Astor earns $5,000,000, and he needs for his commodities $1,000,000; the other $4,000,000 remains in his hands until there is a chance for investment; as long as there is a chance the cash will not be in the hands of the cash capitalist; as soon as this chance is given the money will be in the hands of the people; but if not it will be in the hands of the cash capitalist. You might say to-day there is plenty of money in the hands of the capitalist. You might say there is $400,000,000 of capital; but suppose a man like Astor keeps $1,000,000 out of investment, if he does employ it for luxuries or anything else he will buy from the people, and a million dollars' worth of goods are sold, and the people have it in their hands again. Money is only good for circulating; class A will take it and dispose of it to class B; class B will dispose of it again; and we can tell pretty nearly how far that will be repeated. Say we have in our country about $70,000,000 to dispose of, and $700,000,000 of capital; now these $70,000,000 of capital negotiate the total business, and we can see that every dollar does duty in the way of exchange ten times for every individual, consequently every million that is kept out of employment will hurt the people to about ten times its own amount.

Q. As a matter of fact, do you know whether the production of the world is greater than in 1872?—A. It must be less.

Q. But the quantity of the production, the volume of production?—A. In the United States if there was more production there would be more enjoyment of products, but who enjoys it nowadays? Does the capitalist? No, he don't. Does the working man? No, he don't.

Q. Have you studied the figures? have you got the figures?—A. The figures I have given you I don't rely on at all; I have stated the principle.

The CHAIRMAN. Well, you have stated the principle; if you have no facts to give, you had better stop. You want people to spend money; every man in this room wants people to spend money. They have not got it.

Mr. MERWIN. And those who have it don't spend it; if they had it, they would.

Q. Give us a mode that would be a remedy.—A. I will give you one.

Q. Give us a practical suggestion to make them lay out money. What can Congress do to compel men to spend money?—A. There is a way to do it.

Q. What is it?—A. I am not prepared at present to tell it: Let Congress proceed in about this way: Try to find some institution, arrangement, or means tending to always make the holders of cash funds buy with their money as soon as possible after receiving it, by buying commodities or services from the people, either for luxuries, or for the purpose of accumulation, or for the purposes of reproductive investment. Observe as much as possible the following conditions: Don't disturb the laws of property. The proposed arrangement should not be of an inquisitive or obnoxious character. It should be easily controllable, and not open the door to fraud. It should not impede the freedom of individuals to carry on their business in such a way as they see proper. It should not increase the taxation of the people. It should interfere as little as possible with our present social organization. It should confine its bearing and tendency as much as possible to the object in view. If this object can be attained, then there would be a chance for remedying it. At present this matter is new; it is new, and it is laughed at; and if I gave something else it would be laughed at.

Q. But ridicule is the test of truth, according to Lord Shaftsbury.—A. Well, it may be. I don't think you can contradict that.

Mr. CLARK next appeared before the committee, and was questioned as follows:

By the CHAIRMAN:

Question. What is your business?—Answer. An engineer.

Q. Upon what point do you desire to speak to the committee?—A. On the point to remedy the patent laws of the State on all machinery.

Q. You want to suggest a remedy for grievances arising out of the patent laws?—A. Yes, sir.

Q. Please state it as briefly as you can.—A. Now, I suppose it is in your power to pass a law taxing all machinery; passing a law that all moneys thus recovered should go to the United States Treasury, and be redistributed by the United States Treasury in the shape of land, from the assessment on machinery. Revise the patent laws; tax all goods manufactured by machinery, to supply the wants of people thrown out of employment by machinery.

Q. Would not that put the prices of goods up?—A. In a measure it would.

Q. Would not that make it harder for the working people to buy them?—A. They could afford to buy them if they had more money. I claim that they can make laws to do that, and then the money arising from the production of the machinery to be put into the Treasury. I was a soldier in the Army. You have given me 160 acres of land if I go onto it. I have got a family, and my fare to go from here to Fort Scott is $33 for one; three fares (the number of my family) will be—at half fare, it will cost me one hundred and some dollars to go to Fort Scott. The reason I have to go there is because there is no land this side of that. Then, when I get there I have to pay $120 a year for rent. How am I going to get my family onto that land? You might as well give me that land in the moon. We simply ask you to do what has been requested here by many of the speakers, give $300 to $500, at 6 per cent. interest, say for ten years. You may issue bonds for $500,000,000; sell these bonds, put the proceeds in the Treasury, and issue these greenbacks to every man who is an honest man; give him ten years to pay for the loan. Let the bonds have twenty years to run; that would give the government ten years' use of the money, after we had paid our debts, at 6 per cent.; and you sell the bonds at 6, and consequently we consent to give you 2 per cent. for the use of the money. You understand me.

The CHAIRMAN. There is a bill pending in Congress for that now.

Mr. CLARK. I can remember when I was a boy, in 1842, when I could pick up the Washington Globe and read that the Senate sat eight hours a day. Now you sit from twelve to three. A prayer is made in Congress for half an hour; then, the reading of the minutes takes another half hour; a bill is sent up to the House to be considered; it is handed to the Vice-President, to the Secretary, but it is never adopted, but passed into the Committee on Light-houses, and the first thing we know of it is that $200,000

is given to somebody. Why is that done? Because we have not got a Henry Clay or a Calhoun to debate it. Now, what I want to say is that we should do a little more work. I want, my friends, to say something more. My mother is a widow of a soldier who fought in the war of 1812. Last winter you passed a law giving them pensions. Very well. Her papers were all right. She went down to see about this money; but, O! there was no appropriation.

Q. Who told you no money was appropriated for paying the pensions for the last war of 1812?—A. The officer down below here.

Q. You can go down and tell him there was $1,000,000 added to the pension bill for the purpose of covering that.—A. Well, I will tell the old lady when I am down home; I think it will make her feel well. Well, now, I want to say—I will not detain you any longer—there is a certain other matter—just for a moment; we have here a penitentiary that works about how many hands? Some gentleman post me.

The CHAIRMAN. That is a State institution.

Mr. CLARK. O, I will fix that. We have this penitentiary institution that pays their hands some seventy cents a day. Now, I will say that a judge in the State of Illinois for every prisoner he sent to the penitentiary he got $10, and I presume a good deal of that is going on now. Now, I think that that penitentiary should be taken and all these prisoners thrown into the sea.

The CHAIRMAN. We can't take up time in considering that; we have not power to do anything in State matters.

Mr. CLARK. Well, that is all I will trouble you with to-day.

Mr. HARLAN was the next to appear before the committee, and was questioned as follows:

By Mr. HEWITT:

Question. What is your occupation?—Answer. Well, I am a preacher.

Q. Do you represent some organization here?—A. I represent the Blue Ribbon Temperance Organization.

Q. You have studied the causes of existing distress in the country?—A. A little, sir.

Q. And you are prepared to suggest a remedy?—A. I have got one remedy, anyhow.

Q. Be good enough to state the causes as briefly as possible.—A. I have listened to the arguments given this afternoon, and I have heard the sentiments on the financial question and everything else, and I come to represent—and I know you have the power to do what I ask you to do according to the Constitution of the United States. I come as a representative of the temperance men. I consider that nine-tenths of our poverty, nine-tenths of the wretchedness that exists in our land is all by the beer-guzzling and the whisky-drinking, and what we want to do is to get men, as Diogenes said when he walked through the city, that are prepared to enact laws that will not encourage disease in the body-politic: and hence we ask you, as one of our representatives, to go back to Washington and enact laws prohibiting the sale of intoxicating liquor.

Q. Do you hold there is power under the Constitution to do that?—A. I do, sir; and, according to the testimony, the government has the power to prohibit anything that has a tendency to injure the people of the United States.

Q. What clause of the Constitution gives that power?—A. I don't remember the section; I think it is the first, where it is stated that it is in the power of Congress that it shall do anything that is for the good of the United States.

Q. Have you read the Constitution of the United States?—A. Yes, sir; studied it, but I did not commit it to memory.

Q. Well, I don't remember any such power given in the Constitution, but I should like the reference.—A. There is no power in the Constitution of the United States giving a power to coin money, and do anything that is for the good of the United States?

The CHAIRMAN. No, sir, there is no such section.

Mr. HARLAN. Is there is no such thing, that Congress shall have the power to enact laws such as shall promote the prosperity of the United States? I refer to the second section: I don't remember the exact wording, but I say Congress has the power to restrain the sale and prohibit the sale of intoxicating liquor.

The CHAIRMAN. You make that assertion, and we will take it down. I would like a reference hereafter.

Mr. HARLAN. Well, I will take the State of Maine.

The CHAIRMAN. O, the States have that power; that is admitted. Here is the distinction; what the States can do the Federal Government cannot; the right of the States to do this thing is acknowledged, but you are now making a proposition for Federal legislation.

Mr. HARLAN. I do.

The CHAIRMAN. I ask where it has the power?

Mr. HARLAN. I take this ground, that the Congress of the United States, composed of the House of Representatives and Senate, have a perfect right, under the Constitution as it exists, to prohibit the sale of anything that tends to injure the people.

The CHAIRMAN. There is no such power under the Constitution.

Mr. HARLAN. Well, I would like to have the time to debate it.

The CHAIRMAN. You should come prepared with your authorities when you make such a statement as that, and I would have you to retire until you come with the authorities; and I think it is unfair; I have been complaining of that to-day to persons less intelligent than you.

Mr. HARLAN. I am confident that is the fact; I did not think it would be referred to.

The CHAIRMAN. Unless you can show the power, it is idle to suggest a remedy.

Mr. HARLAN. I admit if the Congress of the United States has not the power, then it would be idle for me to suggest a remedy, but I virtually believe, and I believe I shall be borne out by the Constitution of the United States, that Congress has the power.

The CHAIRMAN. If Congress has the power, then the States have not. Now, the States have exercised that power, therefore Congress can't have it.

Mr. HARLAN. Every State law must be in harmony with the Constitution of the United States.

The CHAIRMAN. Certainly.

Mr. HARLAN. Then if that law was passed by them, it must be Constitutional or it could never be enforced by the State of Maine.

The CHAIRMAN. No; it must not contradict the Constitution. The power is divided between the general government and the States. If the State has got it the general government has not, and if the general government has got it the State has not. We have taken down the point. We will meet two weeks hence, and if you will bring the authority we will be glad to hear it.

Mr. HARLAN. Well, two weeks from to-day I will bring the authorities on that subject.

CHARLES SOTHERAN was the next to appear before the committee.

Mr. SOTHERAN. Before saying anything to the committee, I should say that I have here a letter which I have been requested to embody in any statement I may make.

By Mr. HEWITT:

Question. What is your business?—Answer. Journalist.

Q. Are you engaged as a journalist now?—A. Yes, sir; I was formerly an editor and have been a regular contributor to the New York World, and at present I am a regular contributor to the New York Sun. The first point I desire to call your attention to is that of the letter of Captain O'Grady, who has seen the working of the community system in India. He would make the suggestion that Congres should consider the system of establishing assisted communities, which might be joined by all who wished. He refers especially to what is called the Nerik, or fixed-rate system, with goods valued according to the average time required to produce them. He also shows that the Russians colonized their frontiers with Cossacks, whom they supplied with tools and implements as well as land. That question of colonization has been brought before you, and I think you would be aided in your investigations by looking at Nordhoff's work on Socialistic Communities.

The CHAIRMAN. Mr. Nordhoff's book is very well known.

Mr. SOTHERAN. Captain O'Grady states that the English also in 1856 colonized the frontiers of Cape Colony with Germans in the same way. The letter is as follows:

"NEW YORK, *August* 6, 1878.

"*To the Honorable Committee of the House of Representatives*
for the Inquiry into the Existing Distress:

"GENTLEMEN: I have the honor to state, briefly, certain facts, and on them to base one suggestion.

"The *Nerik*, or fixed-rate system, with goods valued according to the average time required to produce them, exists to-day in many parts of Asia. It was practiced in Egypt by Joseph. Moses regulated it minutely. Genius, or skilled labor, always have commanded a compensation measured only by the demand for their products. The Russians in no distant times colonized their frontiers with Cossacks, whom they supplied with tools and implements as well as land. The English in 1856 colonized the frontiers of Cape Colony with Germans in the same way. Both in Asia and in Russia the *Nerik* and commune system of land tenure largely prevail. In these communities there is equality of means as well as of rank. Where there is perfect equality the people have no human cause to complain.

"The suggestion I respectfully submit is, that Congress should earnestly consider and, if possible, pass the bills now before it for the establishment of these assisted

communities, which might be joined by all who wish. Those who do not wish to join need not.

"Very respectfully,

"WM. D. O'GRADY,

"*Captain late Eighty-eighth New York Volunteers, Journalist.*"

Mr. SOTHERAN. The great point I wish to make is the fact that the cause of depression is in a great measure owing to the fact that the people have not got a thorough appreciation of the laws that should govern them. Nothing but the densest ignorance prevails, and it will not be counteracted until we have in this country, as in others, a minister of education, a secretary of education, if you wish. In France the minister of education is the minister of religion also, but here there is no necessity for that, unless we think with most of our advanced thinkers, that religion, all that is necessary in regard to the noble and the good, is education. This minister of education should work in conjunction with the Bureau of Statistics, which should be as early as possible established, and should have boards of education throughout the entire country. Undoubtedly the municipalities in many portions of the country do look out for education, but not as it should be done; it is simply sporadic.

Q. You think the United States should take charge of the national education?—A. Yes; and, in order to meet that question and dispose of this dense ignorance, it will be necessary that members of Congress should do all in their power to authorize the centralization of the government, and the sovereign rights of the States should be abrogated as much as possible. That there are many evils that cannot be met, unless they are, cannot be denied, as the great evils which exist in the marriage and divorce law. For instance, if the legislature of New York should pass a law making eight hours a day's work, Massachusetts may refuse and so may other States, and unless it will be general it will not be efficacious or of any future benefit.

Q. Are you aware that that subject was discussed almost exhaustively in the Federalist and other papers?—A. Yes, sir.

Q. The difficulty is that you want to introduce a new system in our government?—A. A new system as far as possible, and that is what has been introduced in other places, empirically; such as one man, Mazzini, who endeavored to assist his own country and every country by introducing a better system of government. A system which has millions of starving and dying over the whole country must be a failure, and it must be disposed of if we desire to be a happy people.

Q. Is that owing to the federal system?—A. Not altogether. It is owing in a measure to the federal system of monopolies that exist.

The CHAIRMAN. That we can't abolish under the federal system; it can't be abolished except by some system that this committee can't deal with.

Mr. SOTHERAN. O, we can, certainly. In order to have this centralized system as far as possible, I would have the government take charge of the railroads. I think you will find that the people of England have a system of gas where it is for the whole community. In France they have satisfactorily settled the question of tobacco. England and France have both settled the question of telegraphy and savings-banks. That shows that it is possible to have a system that is for the benefit of the whole and not for a part of the people; therefore, this centralized system of railroads in the hands of the government would be for the benefit of the people. It has been proved by Russia; her military railroads now belong, I think, to the government, and it shows that in this country the railroads can be taken from those to whom they improperly belong; I say improperly because they have been used improperly; men complain because there is land out West and they can't go to it; if the government owned the railroads they could go.

Q. Would not the government have to pay for running the railroads?—A. Certainly.

Q. Couldn't they pay for those people they wanted to send out just as easily under the present system?—A. As a transitional measure they could, and it would be a very good thing to do it.

Q. It is not necessary to own the railroads to be transferred out West?—A. No, sir; but it will be in the future.

The CHAIRMAN. We don't all propose, or want, to be sent out West.

Mr. SOTHERAN. If you go into Baxter street and others in the city, they would say that hell would be preferable to their present state.

Q. Is it not so in all great cities?—A. Yes, sir; I have seen it in Paris and in England.

Q. There is centralized government in Europe, and they have not cured this evil there?—A. No, sir.

Q. Has not France a centralized government?—A. Yes, sir.

Q. And has not England?—A. Yes, sir.

Q. I ask you, then, does centralized government cure that evil?—A. It does.

Q. Has it done so there?—A. It has ameliorated many things; it made the hours of labor less. In England they have an eight-hour law; the question of holidays was

satisfactorily solved there; the sanitary inspection by the government was satisfactorily solved there.

Q. Is there an eight-hour law in England?—A. There is a short hour—nine-hour law, I believe; but the hours of labor are abridged; men are not permitted to work there eighteen or seventeen hours a day, as these poor unfortunate cigar-makers are.

Q. In private houses in England is there any limit to the number of hours they shall work?—A. There is a factory act.

Q. Is there in private houses anything to limit the hours operatives shall work?—A. No, sir; the act simply applies to the factories; but there would be no possibility of the evasion of the law. I think it would apply to this disgraceful working of the tenement system in the making of cigars. There the factories are bound to be kalsomined once a year, and the water-closets inspected, and there it was not considered a subject for laughter.

The CHAIRMAN. That was the point of many of the questions I put to the witnesses this morning. Mr. Lissean's book covers the largest list of remedial legislation any country has gone through, and a great deal of it ought to be imitated, but it is for the State, and not our general government.

Mr. SOTHERAN. I say this for the benefit of the committee, for several organizations of the people simply regard all of these as transitional measures, to arrive at a future definitive result. I think there should be a secretary of industry to represent the bureau of statistics, to meet the different difficulties that may arise in consequence of the various environments that labor is placed under. And, furthermore, as this question of centralized government must come up, and as servants of the people should consider their positions places of great public trust, it is necessary—as China thousands of years ago, and as England within these last fifty years, has accomplished it—that competitive examinations shall be had for the work of the government; no shyster politicians and hangerons of the politicians who may be sent to Albany or elsewhere should have such positions. Further, I would also say in the matter of education, the people of this country have not had that careful consideration in the matter of culture they ought to have had. Undoubtedly institutions such as the Cooper Union, and Astor Library, and the Lenox Library, are doing a great work toward educating the people to a higher culture, to which they never will advance until they apprehend the nature of their condition; therefore, I contend that the government, instead of appropriating money for the destructive arts of war, which are entirely antagonistic to society, should assist the education of the people by making grants for museums, for libraries, and also for the higher education, which could be done in union with the minister of education. That is to say, that the education of the people, by the aid of works of art, should be under the supervision of the minister of education. Furthermore, I should suggest that all the materials and books used in the public schools should be furnished free of charge, and even in the higher branches of education; such as music and painting. I believe the Conservatory of Music and the South Kensington Museum in England furnish them.

Q. Furnish what?—A. Materials for the use of the students free of charge.

The CHAIRMAN. You are in error. They charge a small fee for admission. The English system is peculiar in that they do not believe in free education; but in our public schools it is so.

Mr. SOTHERAN. Not in the higher branches of education.

The CHAIRMAN. In all the public schools of this city they get their books, &c., free.

Mr. SOTHERAN. Only in the city, not in the agricultural districts.

The CHAIRMAN. I think in the State of New York altogether it is free.

Mr. SOTHERAN. As to the prohibition of children under fourteen years of age from working, the minister of labor should look after the punishment of the violators of those laws—the parent if he is to blame and the employer if he is guilty.

The CHAIRMAN. These are all details with which we can't even begin to deal, because we have not power to do it. You have got to amend the Constitution first.

Mr. SOTHERAN. Then the Constitution will have to be amended, and if it is not, the people will take it into their own hands.

The CHAIRMAN. That is a foreign idea. The Constitution can be amended if the people want it. Now, violence upon the part of the minority against the majority is not an American idea. The power of the Constitution is full and ample whenever a majority want a change.

Mr. SOTHERAN. Then there is another thing. In France they have what they call the *juge de paix*, who immediately, and without the long delays of the law here, settles questions between capital and labor.

Q. Does the *juge de paix* settle questions between capital and labor?—A. Yes, sir.

Q. What does the *conseil des prud'hommes* do in France?—A. I believe that is where appeals are taken.

The CHAIRMAN. That is the question, as to whether the jurisdiction is with the *juge de paix* or the *conseil des prud'hommes*. You are giving this committee information, and I would like you to be exact.

Mr. SOTHERAN. Litigation here can only be obtained at great expense and by the employment of the legal class. Let the laws be simplified and classified into a system similar to the Code Napoleon—a code of the centralized government; and if the government has not that power, amend the Constitution, so that workmen can go and argue their own cases.

Q. Do you know that the constitution of the State of New York authorizes courts of arbitration now?—A. Yes, sir; but what does that mean now? I have a suit pending for $500 in court, and that case was entered in the court of common pleas some two years ago.

Q. I ask you whether you know that the constitution of the State of New York provides for the establishment of courts of arbitration and conciliation. Now, if what you want is a place where men can go and argue their own cases, why don't these men send persons to the legislature who will establish courts of conciliation? That is a remedy existing now in the State of New York without any legislation.—A. Well, sir, the workingmen don't know that.

The CHAIRMAN. Well, I tell them, and it would be a fair thing if you gentlemen who come here would enlighten the workingmen through the press on such matters.

Mr. SOTHERAN. At the present moment there is about one-half the population deprived from voting.

Q. Where?—A. In this country; that is, women. It is absolutely necessary that the voting power should be given to women. They are not existing now as they did. They are in the factory, working day by day; in the cigar tenement-houses, working day by day. I contend it is the duty of legislation to relieve these persons from the system under which they are suffering in not being represented in Washington.

The CHAIRMAN. The committee will adjourn to this day two weeks. I have called the entire list; finished every name. Thus far the testimony has been voluntary, but it will be different when we meet again. I have stated that the committee wanted to hear everybody who had a statement to make, but it must be apparent it would be impossible to go on with this system, because we would not have time to report. Hereafter any person who wants to give testimony can communicate with the committee and indicate what he wants to state. If it is new, the committee will be glad to hear it; if it is not, the committee will be compelled to decline.

Adjourned to Wednesday, August 21, 1878, at 11 a. m.

NEW YORK, *August* 21, 1878.

The CHAIRMAN. At the close of the last session of the committee it was announced that when its meetings were resumed witnesses would be called who had been requested by the committee to appear. It is proper to state that every volunteer witness who had put his name on the list has been called. Most of them answered to their names and have given their testimony. Some few were absent. It may be assumed, therefore, that the volunteer testimony is now exhausted. Hereafter the committee will, as far as possible, call only gentlemen who have special knowledge with reference to the subject about which they propose to testify. This morning the committee will call those gentlemen who have come here from a distance at the request of the committee, and in order that they may go home. The first on the list is Mr. William G. Moody, of Boston, who has entitled himself to be called before this committee from the fact that before the Social Science Association at Cincinnati he read a paper which has been regarded by every one who has since read it as a valuable contribution to the subject of which he has made a special study; namely, the bearing and effects of machinery on the social condition of the working and employing classes. Mr. Moody is now present, and we will begin with his testimony.

VIEWS OF MR. GOODWIN MOODY.

By the CHAIRMAN:

Question. Please state your residence?—Answer. Boston, Mass.

Q. What is your business?—A. I learned the art preservative of all arts, printing.

Q. Are you a printer at present?—A. I am not.

Q. State your present business.—I am one of the unfortunates who have been compelled to Micawberize—to wait for something to turn up.

Q. In what business were you last engaged?—A. Some two years since I was engaged in the printing business. I have been engaged in other businesses during my life—in quite a variety of businesses; mining and agriculture quite extensively.

Q. Have you given special attention to the relations of capital and labor, either in general or in a particular direction?—A. I have.

Q. In what direction especially?—A. In the direction of their intimate connection

or their indissoluble connection. The question, as you put it, Mr. Chairman, is somewhat general, and I should perhaps answer it more specifically. I have examined the question of the relations of capital to labor in the sense of showing that capital is the fruit of labor; is one of the great products, indeed the ultimate product of labor.

Q. Have you found in your investigation that there is an inherent warfare between capital and labor, or what conclusions have you come to on that subject?—A. I do not find that there is any inherent conflict between capital and labor, nor can I discover that there is necessarily any conflict between them, any more than I can believe that there could be a conflict between the fruit which grows upon a tree and the tree itself.

Q. Do you find that, in fact, there is any conflict or hostility between the two?—A. There is an artificial difficulty, growing entirely out of misconception, or perhaps out of ignorance, on the part of both classes to a greater or less extent.

The CHAIRMAN. You say "artificial." Be good enough to state the causes that bring about this artificial conflict.

Mr. MOODY. The causes are to be found entirely in the misconception of the relations of capital to labor.

The CHAIRMAN. Misconception by whom?

Mr. MOODY. Probably by both classes.

The CHAIRMAN. Misconception is a very general phrase. There are some causes, undoubtedly, which produce the artificial condition which you have described—direct causes—and those are the ones which the committee are seeking to arrive at.

Mr. MOODY. The direct causes may be these: That the laboring classes, or the masses, discover that whereas they are undergoing a condition, at the present time, of extreme privation, or of personal distress, there is another class, generally known as capitalists, who are not suffering these personal privations. This creates in the minds of the masses an antagonism. They cannot understand why one class should be in comparative comfort while they are in absolute distress, and hence an antagonism, or perhaps an enmity.

The CHAIRMAN. Is the enmity on one side or on both sides.

Mr. MOODY. I think there is a little on both sides.

The CHAIRMAN. Do you think that those not suffering from distress (capitalists, I shall call them) have an enmity toward the working classes?

Mr. MOODY. Not as a class by any means. I do not believe that, neither do I believe that there is any enmity toward the capitalist on the part of the masses of the operatives or laborers. There is an enmity among the few. We find it cropping out here and there; we see and hear too much of it; but it is confined to a very small fraction.

The CHAIRMAN. Do you think that the grievance which you have described on the part of the workingmen, when they see some people who are not suffering from the want of food, or from the want of the necessaries of life, is a well-founded grievance?

Mr. MOODY. I think that the answer which I have already given would cover that ground nearly. I think that the grievance is not well founded.

The CHAIRMAN. How does it happen that some portions of the community are exempt from the sufferings of the other portions? Is it due to accident, or is it due to the fact that the former have been provident and saving, and have put by, as we say, something against a rainy day?

Mr. MOODY. I believe it is more owing to the accidents of trade, or to the accidents of life, than it is to that thing which we call providence.

The CHAIRMAN. I said provident, not providence. I meant those who are saving and economical.

Mr. MOODY. I am using the term in that sense. This providence—that is, saving, husbanding, taking care of—is quite as observable (indeed, more so, perhaps) among those who are in the poorest circumstances as it is among the better classes, except that you find an extreme providence—that is, a saving and husbanding—in another class known as capitalists, but who are sometimes called misers. The miser can exhibit no greater amount of providence than we often find exhibited (indeed, necessarily so) by the poor. The poor husbands are provident, are careful, from necessity; the miser from pure cupidity. The capitalist, from his abundance, lives liberally, many people say lavishly, which means simply another form for the term improvidently.

The CHAIRMAN. To get a little more into the marrow of the subject. This hostility of which you speak, arising out of the fact that some suffer while others do not suffer, must be produced by some causes in the organization of society, and it is to those causes, so far as they can be remedied by legislation, that the committee wishes to direct its attention. Be good enough, therefore, to specify any causes which, in your judgment, bring about improperly this difference between the classes, resulting in hostility or enmity—any causes with which legislation can deal.

Mr. MOODY. I am given a very wide margin, and a large field for discussion, as you have stated the proposition. Let me state that I have no sympathy, not the least, in

this hostility manifested toward capital. I do not believe that there is any necessity for any antagonism between capital and labor; there should not be; there should be the most intimate union between the two. They are, to a certain extent, and, indeed, to a very large extent, dependent the one on the other. They must live in harmony, or there will result an injury to society. That is my idea.

The CHAIRMAN. Are they not living in harmony, in your judgment, so far as the great mass of operations in society is concerned? If you estimate by percentages, for example, the amount of discord that there is between the two, would you not estimate that by far the largest percentage of capital and labor is living in absolute harmony now?

Mr. MOODY. I believe that in the mass they are living in all the harmony that can possibly exist under the present conditions of business.

The CHAIRMAN. Then give us the disturbing causes which you think prevent their living in absolute harmony.

Mr. MOODY. You will recollect, Mr. Chairman, that in the little volume which I handed you a short time since, I made that very point with reference to harmony. I say in it that I do not believe that those industrial difficulties find their sources in the purposes or designs of any class or portion of our people. They grow out of the changes that have taken place in our industrial condition mainly during the present century. This is a fact which, although it may be known to a great many, has not entered as a factor into the consideration of this matter. All our methods of labor, all our modes and means of production, have radically changed during this present century. Where, at the beginning of this century, everything was produced by muscular force and action, now substantially everything is produced by the mechanical forces.

The CHAIRMAN. Are we to understand you as regarding that as a beneficent state of things, or the reverse?

Mr. MOODY. Properly used it is a beneficent state of things. I look upon machinery as having a mission; there is a gospel in it. It is this: A less amount of human toil for a mere existence, a greater abundance of comfort for all, and a higher development. But, if improperly used, it produces the very condition of things under which we are suffering, demoralization and transition in all interests.

The CHAIRMAN. Be good enough to specify what you regard as the improper use of machinery.

Mr. MOODY. The improper use of machinery is to use it in such a manner as to require the employment of only a portion of the available muscular force, and throwing the other portion into idleness.

The CHAIRMAN. Is not the first effect of the introduction of machinery always to put somebody into idleness?

Mr. MOODY. The first effect and the ultimate effect of it is.

The CHAIRMAN. But if the first effect of machinery is so, and if, as you say, machinery should not be used so as to put any portion of the community into idleness, how will you ever get machinery introduced into the methods of society?

Mr. MOODY. The term "ever," as you use it, may be a short period or a very long period.

The CHAIRMAN. I mean at any time. You say that machinery must not be allowed to displace the human muscle, and I ask you whether the introduction of new machinery has not always for its first effect the displacement of human muscle?

Mr. MOODY. It has.

The CHAIRMAN. Then how, on your principle, can machinery be introduced at all?

Mr. MOODY. We must adapt the use of machinery and the use of human muscle to each other.

The CHAIRMAN. Would you limit the use of machinery; is that your point?

Mr. MOODY. I would not; I would develop it to the utmost possible extent.

The CHAIRMAN. How then would you provide for this unemployed muscle?

Mr. MOODY. I will have to answer that question by an illustration. If a dozen men (using that number as representing the mass) by the use of the unaided muscle produce sufficient for the dozen, and if, by the application of new motors or new forces, it is found that six of the dozen may produce an abundance for the twelve, then, necessarily the time of the use of that force must be shortened by one-half, so as to keep the whole twelve employed. It is a mere question of arithmetic.

The CHAIRMAN. I know that it is a question of arithmetic, but I want to arrive at the practical way out of the difficulty. How would you meet the difficulty or provide for the six unemployed? Would you compel machinery to work less time so that the whole twelve could have full employment?

Mr. MOODY. Precisely. I would do that very thing.

The CHAIRMAN. Then you would limit the use of machinery?

Mr. MOODY. In that respect I would limit the use of machinery; but, in another respect I should double the use of machinery, because, by that very thing double the amount of machinery would be required.

The CHAIRMAN. But what would be the object of expending capital in the construc-

tion of double the amount of machinery when one-half of the machinery would be able to do the work?

Mr. MOODY. The object would be this: the capital of the community is this fruit which I have been speaking of in the first part of my examination which comes out of labor, and these twelve (the whole number) must be kept employed in order that there may be fruit gathered from the whole twelve to form the body of capital.

The CHAIRMAN. Let me get my point before you so that you can understand it. It would require twice as much capital, would it not, to duplicate the machinery as if you had only one-half the amount of machinery?

Mr. MOODY. True.

The CHAIRMAN. Now, is capital a valuable thing to the community, or is it not?

Mr. MOODY. Assuredly, it is valuable.

The CHAIRMAN. Then it should be husbanded and economized, should it not?

Mr. MOODY. What should I understand by your use of the term "husbanded and economized"?

The CHAIRMAN. That is to say, that it should not be expended in a wasteful manner, or for any useless purpose. Now, would it not be a wasteful and useless expenditure of capital to build twice the quantity of machinery that is necessary to do a given amount of work?

Mr. MOODY. No, sir. Capital is needed to be gathered and garnered, but not to remain dormant. When capital is used in that manner it becomes an injury. Capital is useful and is a blessing when it is active—when it is used and turned over—and the more frequently it is turned over in business the greater the benefit of it. And one means of this turning over of capital is in the construction and development of machinery.

The CHAIRMAN. But there is not too much capital, is there, for the wants of society? We have not got more capital than we need?

Mr. MOODY. I have never discovered anybody who had.

The CHAIRMAN. Neither have I. That being so, there must be practically an unlimited field for the use of capital. Now, if any portion of capital is absorbed in the building of machinery, unnecessarily (because the existing machinery is sufficient to do all the necessary work), have you not withdrawn capital from some useful field and applied it to some useless purpose?

Mr. MOODY. The construction of machinery or the construction of means by which men shall be employed cannot by any means be termed a useless investment.

The CHAIRMAN. I am an iron manufacturer. I have got a blast-furnace. I can run that blast-furnace with one steam-engine. That is all it wants. Then I find some idle people around me, and I say, "Here is capital, or I can borrow it; let me build another steam-engine to employ those idle laborers." I have then two steam-engines, one running for twelve hours and the other for twelve hours. Now have I not put that amount of capital to a useless purpose?

Mr. MOODY. Undoubtedly you have in the way you put your question. But it must be kept in view, all the time, that the mass of the people must be employed in order to have a market or demand for the production of your one or two engines. You find your market for everything that is produced solely in the people. Now when, by using your one engine solely, you deprive one or more persons of employment, to just exactly that extent do you destroy your own market. And that is exactly what is being done at the present time. Our markets are destroyed because half of the people are absolutely without the means of entering into the market to buy our products. Now if you have capital, you want to use it, not to bury it, as the man did his one talent. You want to put it to use so that you may get usance out of it. The only way that you can do so is by putting it into business; the only way you can put it into business is by creating a market for your products; the only way that you can create a market for your products is by giving to the mass of the people the means to buy; and the only way that they can get the means to buy and consume your products is by obtaining work.

The CHAIRMAN. Suppose that instead of expending my money in building an engine which I do not want, I had employed the same amount of capital in the production of something which I did want and could use, would I not have employed the labor just as well, and would it not have been a useful instead of an unnecessary and useless expenditure of capital?

Mr. MOODY. Undoubtedly that would be the case—your question carrying with it the idea that that something else would require muscular force, would require the employment of the people. If that something else can be found, or if you can put your capital into something else, we will have that result of course, and the same end will be attained.

The CHAIRMAN. Then what you want is to see capital employed, and you agree that when it is employed for a useful instead of a useless purpose, it is the rightful application of capital?

Mr. MOODY. You cannot call the employment of capital when it is used in a way that will give employment a useless application of capital.

The CHAIRMAN. We are supplied in New York (as you are in Boston) with water by means of aqueducts, steam-engines, &c. That gives to every inhabitant of the city of New York the water he wants. Now suppose that we have fifty thousand or one hundred thousand idle people in the city of New York, and suppose that we employ a line of buckets from Croton Lake to the city of New York and put all this crowd of idle people to pass down the buckets. That would employ muscular labor and would dispense with the use of machinery and would accomplish all the purposes desired. It would employ labor, supply water, and the calamity which you have depicted in the non-employment of labor would have passed away.

Mr. MOODY. And you would still have retained men where there can be no advancement; you would still have kept them down to the point of continuous employment, unresting, without a chance for recuperation, without a chance for rest, without a chance for development. I think your aqueduct illustration is not by any means a good one. If, on the other hand, instead of putting these unemployed persons to something which is not necessary, you would shorten the hours of labor, you would still have kept all employed, your capital would be still invested, and your market would be protected.

The CHAIRMAN. But would not the result be exactly the same thing if I built machinery for which I had no earthly use, having an existing machinery that could do all the work necessary? Is not that exactly a parallel case with the aqueduct? You require me to build another set of machinery because it will employ men usefully. My answer is that it is unnecessary; that it is an expenditure of capital which could be applied to some better and more useful purpose, and I do not see, with all due respect to you, that you have solved that difficulty at all. I should be glad to see capital employed usefully. If I needed another steam-engine I should build it; but, certainly, there is no law, human or divine, that should compel me to build a steam-engine that I do not want. I am putting that as an illustration.

Mr. MOODY. I would like to see in what other way unemployed labor can be employed.

The CHAIRMAN. That is exactly the information which we understood you to be coming here to give us, and that is the information which the members of this committee are very anxious to get. We do not know how it is. We are in a state of ignorance on the subject. You tell us to stop a portion of the existing machinery, and to build some more to do the work which can be done by the existing machinery.

Mr. MOODY. I do not tell you to stop a portion of the machinery. I say, keep all the machinery that we have employed. Here is half the community substantially idle. Half of our market is gone on account of that idleness. The capital which we have invested at the present time is useless. It is paying nothing on account of this idleness; for it is a fact that the capital which is invested at the present time is being lost, and it is a fact that investments do not pay. It is a fact that our railroads, which have absorbed a greater amount of capital than any other species of investment in this country, are paying nothing. Much of our railroad property is becoming hopelessly incumbered, and that is but a fair illustration of all business in this country.

The CHAIRMAN. Tell us what means this committee can recommend to insure the employment of all this machinery and to keep it going all the time. The trouble now is that the people who have got machinery cannot sell their products if they keep their machinery going. What we want to find out is how they can keep their machinery going all the time without loss. At first I understood you to say stop the machinery; now you say do not stop the machinery, but keep it going. It is kept going so much that the manufacturers cannot get rid of their products. That is the difficulty that has been testified to, and, if it was not, I could testify to it myself, for I have personal experience of the fact.

Mr. MOODY. Then you are corroborating my statement.

The CHAIRMAN. I do not know how manufacturers are to get rid of their products.

The WITNESS. There must be some process devised (and it is a simple matter to be devised) by which a demand shall be created for the employment of every one.

The CHAIRMAN. Tell us that very simple method. How are we to do it?

Mr. MOODY. It is a simple question of arithmetic again. If one-half is producing enough for the whole, then the other half is idle and the whole are suffering. This must be turned right around and the whole must be kept at work half the time.

The CHAIRMAN. Then you would stop the machinery for half the time?

Mr. MOODY. Let me explain that. I would run machinery as I would run muscle. They are the forces of production. I would use the forces of production and use double the force that we have now. I would double the machinery and I would double the muscle, in order to produce the same quantity that is now produced, and to do it by half the machinery and half the muscle.

The CHAIRMAN. Would you double the machinery when you could accomplish the same result by doubling simply the number of hands that work it? Suppose you run

machinery for eight hours and are producing more than you can sell, and there are in consequence a lot of people idle; but suppose you work the people only four hours, would you not then have employed the idle portion of the people?

Mr. MOODY. Undoubtedly you would. I was going to remark that it could be accomplished in one other way—by working in what is called shifts—a very common term among the English miners—a means by which two or three or four shifts of men are worked during the day. I think, however, that it would be discovered that there is no sound policy in that.

The CHAIRMAN. What would be the sound policy? That is what we want to get at.

Mr. MOODY. I have stated it.

The CHAIRMAN. I did not understand you; please to state it again.

Mr. MOODY. The sound policy is to develop our machinery, to develop the mechanical forces to such an extent as requires the employment of all the muscular force in the necessary production.

The CHAIRMAN. Then you would run more machinery?

Mr. MOODY. I should run more machinery.

The CHAIRMAN. What would you do with the products if you would run more machinery, when we cannot now get rid of our products?

Mr. MOODY. I would not run it as it is run now. That is the mistake that you make.

The CHAIRMAN. If you explain what you mean, I will not make the mistake. I do not understand you, and that is the reason why I make the mistake.

Mr. MOODY. I would run the machinery in proportion to the additional employment of muscle and in strict regard to its power of development.

The CHAIRMAN. That is, if there are idle men you would run less machinery or more machinery—which?

Mr. MOODY. I would run more.

The CHAIRMAN. Then would not the product be greater?

Mr. MOODY. Yes, if the machinery worked for the same length of time.

The CHAIRMAN. Then you would reduce the hours of work?

Mr. MOODY. I have stated it distinctly so. I would reduce the hours for the working of machinery to the same extent to which I would reduce the muscular force. They should be used in unison.

The CHAIRMAN. Take my blast-furnace for an example again. We have got to run the steam-engine twenty-four hours a day. We cannot help ourselves. We must run it twenty-four hours, if we run it at all. How am I to reduce the time that that engine runs unless by building another engine and investing capital in it when that is entirely unnecessary?

Mr. MOODY. Instead of investing it unnecessarily you have invested a little more capital by which that already invested is made more profitable.

The CHAIRMAN. What I have now is sufficient for the purpose. If I build another engine, then instead of utilizing my capital I have wasted it.

Mr. MOODY. But if you do not build any engine but the first one, then you have yourself testified that the capital which you have invested in it is paying no interest, and that the business is becoming bankrupt.

The CHAIRMAN. As a matter of fact the business is now unproductive, and, under that state of things, you ask me to build another steam-engine.

Mr. MOODY. I ask you to build another steam-engine in order that the capital which you have at present invested shall be turned to profit by increasing the consumption among the million.

The CHAIRMAN. That is to say, the unemployed labor being thus set to work, I will be able to dispose of my surplus product of pig-iron?

Mr. MOODY. It will undoubtedly have that effect.

The CHAIRMAN. And that is your solution of the problem. Let me say to you, as a matter of fact about blast-furnaces, that one engine does all the work that could be done by two engines. Now, why should I be compelled to build another engine? You say, in order to employ labor. I cannot afford to employ any more labor, because the labor that I now employ is unprofitable to me.

Mr. MOODY. I am glad that you have cited the case of blast-furnaces and of iron manufactures. We have now in this country some 700 blast-furnaces, of which only about one-third, or less than one-half, are employed, and the third, or the fraction that are employed, are selling their products at present at a figure lower than they have been sold I think at any previous time.

The CHAIRMAN. Certainly as low.

Mr. MOODY. The prices are down to the very lowest possible figure, so low that there is very little profit being yielded to any of those in operation, and I rather think that some of them are running at a loss.

The CHAIRMAN. Almost all of them are. I will confirm what you say in that respect.

Mr. MOODY. Now what you want is to know how those mills that are running can

be run at a profit, and how the 500 blast-furnaces that are not running can be set to work.

The CHAIRMAN. That is what we want to know.

Mr. MOODY. I hardly think it can be done by building new blast-furnaces, but it must be done by this process of shortening the time of employment of the mass of the people, not of any particular class.

The CHAIRMAN. Do you not know that it is made a subject of great, *grierous* complaint that one portion of the community has to work ten or twelve hours a day, while other portions have to work only six or eight?

Mr. MOODY. I grant you that, and therefore I say that this thing is not local but it is national, and that is the reason why I am before this committee.

The CHAIRMAN. But you do not show us how we are to absorb this unemployed labor profitably when we cannot profitably employ the labor we have already got.

Mr. MOODY. You cannot employ profitably the labor you have already got, because of the weakness (I think that is the commercial term) of the market, because there is no demand for your products.

The CHAIRMAN. There is more pig-iron produced than there is any demand for.

Mr. MOODY. I know there is. Now the only possible way in which the present investments can be made profitable, or rather in which the present running of mills can be made profitable, and by which others can be set to running at a profit, is by strengthening the market.

The CHAIRMAN. Will you strengthen the market by adding to the supply?

Mr. MOODY. Not until the market demands it, and then it will come naturally.

The CHAIRMAN. How are you going to get up the demand which must precede the increase of the supply?

Mr. MOODY. I was getting to that very point. When we find one-half of the consumers absolutely wanting this pig-iron or this food or this raiment, or whatever it may be, and not being able to obtain it for want of the means of purchasing (which can be obtained only by labor), then we must commence at the very groundwork and devise the means by which labor can be obtained.

The CHAIRMAN. Now tell us what that means. That is the very pith of this investigation.

Mr. MOODY. That is the very point. Let us get a little farther in this problem.

The CHAIRMAN. O, no; do not go away from this point, if you please. You have been there three times already, and if you tell us the means by which this surplus labor may be employed, and especially how Congress can contribute to that result, you will have solved our problem and done a very great service to the public.

Mr. MOODY. I think that whoever can succeed in convincing this committee will also have done some service.

The CHAIRMAN. Thank you.

Mr. MOODY. But perhaps there may be a slight difference between solving the problem and convincing this committee.

The CHAIRMAN. Let the public judge, because the public is going to hold this committee to judgment.

Mr. MOODY. That is the great inquest I know—the grand jury.

The CHAIRMAN. Now you say that the matter is very simple. Tell us what it is.

Mr. MOODY. What I am going to say is so intimately connected with it that you must let me state it first.

The CHAIRMAN. I will submit to my colleagues on the committee the question whether you shall be allowed to wander away from the very point when we have got to it. You tell us that the matter is very simple, and that it is as easily explained as a little sum in arithmetic, and then you want to go off to another topic.

Mr. MOODY. I will confine myself to this point.

The CHAIRMAN. I wish you would.

Mr. MOODY. The weakness of the market is because of non-consumption by the masses. This non-consumption by the masses does not result from any taste on their part, or from choice. It results from their poor condition. The market can only be strengthened by advancing the means by which all shall take part in the labor to be done. That is the very heart of the proposition. There is a certain amount of labor to be done to provide for all, whether in pig-iron, in textiles, or in anything else. All must take part in that production, in order to be able to take part in the consumption. Now there is a certain amount of production required from all. If this certain amount is produced by the industry of half the forces, muscular and mechanical, that we have at our command, then necessarily there is one-half of those forces unemployed, and the market is destroyed.

The CHAIRMAN. Tell us how we are to set that unemployed half at work.

Mr. MOODY. By dividing the work among the whole, and giving half time to the whole of the employés.

The CHAIRMAN. Would not that increase the cost of production?

Mr. MOODY. That is a matter of not the slightest consequence, whether it increases the cost of production or not.

The CHAIRMAN. It is of considerable consequence to the producer of pig-iron whether he is to get his money back or not.

Mr. MOODY. That thing has been tested by experience.

The CHAIRMAN. Yes, I have tested it.

Mr. MOODY. You cannot sell when it is cheap, but you never fail to sell when it is dear. There is a point for consideration. It is within your distinct recollection (your books will show it at any rate) that when your product was selling at the very highest figure there was the greatest demand for it.

The CHAIRMAN. Certainly; and because the demand was great the price went up.

Mr. MOODY. That is exactly it, and now, when the prices are the lowest, the sales are the least.

The CHAIRMAN. The price is down because there is no demand for pig-iron. That is the fact.

Mr. MOODY. At the very time that you sold your product at the highest figure, and when there was the greatest demand for it, all the people were employed.

The CHAIRMAN. Certainly; because there was a demand for pig-iron, which put up the price. It was because it was being used in the public and private enterprises that were going on and that were absorbing labor; but when those enterprises collapsed, then the demand for pig-iron ceased, and therefore there is a low price for it, and there is no employment for labor. Now tell us how we are to get employment for labor so as to get a higher price for our pig-iron.

Mr. MOODY. Pig-iron, perhaps, does not apply so universally as some other products.

The CHAIRMAN. I use it merely as an illustration of demand and supply.

Mr. MOODY. Let us take an article which will illustrate the subject a great deal better or fully as well, and which enters into general consumption as pig-iron does not.

The CHAIRMAN. Is there any raw material that enters into more general consumption than pig-iron?

Mr. MOODY. Yes; take grain for example—wheat and food products.

The CHAIRMAN. Certainly; take food products.

Mr. MOODY. Now, in food products there is precisely the same difficulty that there is in regard to pig-iron—low prices and no sales. When food was at the very highest prices, then, there were the largest sales.

Mr. RICE. The committee has heard you and our chairman get two or three times to a point on some particular question, and then you have escaped from it and have not given us a practical answer. Mr. Hewitt took the article of pig-iron as an illustration. You may take the article of food. I do not care whether it is pig-iron, or food, or what not. I want you to tell us how these people that are unemployed can be put to work—some way by which those who employ them can afford to pay them without exhausting their own capital. You have escaped from that proposition three or four times. I understood you to say that that is to be done by setting everybody at work, and that when everybody is at work they will have the means to buy, so that there will be a greater demand for products than there is now.

Mr. MOODY. Exactly so.

Mr. RICE. That is your solution of the problem. And you expect that Mr. Hewitt, instead of having three thousand men at work, shall set six thousand men at work?

Mr. MOODY. I do not expect Mr. Hewitt to do that.

Mr. RICE. Do you expect any manufacturer to do it?

Mr. MOODY. I do not expect any manufacturer to do it until there is a demand for his products.

Mr. RICE. How is that demand to be made?

Mr. MOODY. That demand can be made and would be made by giving work to the unemployed.

Mr. RICE. It will not be made until these men get to work, will it; and until they get some money to spend in purchasing products?

Mr. MOODY. Whenever there is a law, or an agreement which amounts to a law, by which people shall be employed but one-half the time that men are now employed, there will be a demand for products, because there will be only half the amounts produced that there is at present.

Mr. RICE. You mean that men are only to work half the number of hours that they work at present?

Mr. MOODY. I mean that they shall only work whatever length of time is necessary, whether it be one hour, two hours, ten hours, or twenty hours.

Mr. RICE. Would you have that accomplished by legislation? Would you have a law passed by which the hours of labor shall be limited to four or six or eight?

Mr. MOODY. I know no other way of doing it.

Mr. RICE. What authority would you have make such a law—the State or the nation?

Mr. MOODY. It must be made by the nation.

Mr. RICE. Is there any constitutional authority in Congress to make a law limiting the hours of all labor? for you must make it apply to all.

Mr. MOODY. To all without exception.

Mr. RICE. Limiting the hours of all labor to a certain number?

Mr. MOODY. I have not examined it as a constitutional or legal proposition, but I have examined it merely in this way.

Mr. RICE. You very properly decline to answer my question. I would not answer it myself.

Mr. MOODY. I want to go a little farther——

Mr. RICE. Allow me, if you please. You wrote a book, a copy of which you have handed to the chairman. How many hours a day did you work in writing that book?

Mr. MOODY. I should have to ask my wife.

Mr. RICE. Some six hours a day?

Mr. MOODY. My wife used to lecture me for not going to bed—for sitting up all night.

Mr. RICE. Did you work sometimes more than six hours a day?

Mr. MOODY. Undoubtedly.

Mr. RICE. Did you work more than eight hours a day?

Mr. MOODY. I rather think that some days (in working, in thinking over the matter, and in examining) I have worked twenty-four hours good.

Mr. RICE. Is that thinking any less laborious and exhausting a work than working with one's hands?

Mr. MOODY. I would rather go into the field and take a scythe and mow, than sit down and study and write as I did in preparing that book.

Mr. RICE. Should you be limited by law to six or eight hours' work with your brain?

Mr. MOODY. In my mind the proposition that I make does not run to that.

Mr. RICE. That is you would have a law which would practically apply to those who work at manual labor, and would not apply to those who work at mental labor? Professor Sumner may work 12 or 14 hours a day in his laboratory or study, but the man who digs ditches or works in the field must not work more than six or eight hours a day. Is that the way you would have it?

Mr. MOODY. I would have it in this way: that all employed labor, all persons working for wage, if you please, or for salaries, in any productive occupation—anything that enters into the physical consumption of man—should be limited to a certain number of hours, whatever the circumstances may show to be necessary.

Mr. RICE. A farmer has certain seasons during which great activity on his part is requisite to harvest his crops. At other seasons he can lie off and rest. He hires men in the hay season or in the harvesting season. Would you have him confined to the same number of hours employment during those active seasons as during the seasons of the year when work is light and there is little to be done?

Mr. MOODY. I do not see how the farmer in his employed labor can escape the general rule.

Mr. RICE. Then you would require him to work his men in the hay time or harvest time only a certain number of hours?

Mr. MOODY. I do not see how he can escape the rule. But he may adopt the method suggested in another matter by the chairman; that is, he may make shifts—working the same machinery during the working or full hours of the day, but employing different gangs of men.

Mr. RICE. That is, he may work one set for six hours, and then work another set for six hours, and so on?

Mr. MOODY. Yes.

Mr. RICE. Do you think that he could find workmen handy to set them to work in gangs that way?

Mr. MOODY. Fully as handy as he does at present; for I think that, there being a general rule of that kind, industries would adapt themselves to it.

Mr. RICE. Take the railroads. The engineer runs his engine, say from Buffalo, or from one point to another; would you have him confined to a certain number of hours?

Mr. MOODY. That is what has been done, and what has been done at the very time when the railroads were being run to the greatest possible advantage. Railroad hands have been running a certain number of miles a day.

Mr. RICE. I accept your answer. Which is the more exhausting labor, that of an engineer on railroads or that of hoeing corn or gathering potatoes?

Mr. MOODY. I cannot see that the question of exhaustion enters into the subject at all.

Mr. RICE. Are not some kinds of manual labor more exhausting than others?

Mr. MOODY. Undoubtedly that is so until one becomes accustomed to them.

Mr. RICE. Would you have the man who worked at the lighter labor confined to the same number of hours as the man who worked at the more exhaustive labor?

Mr. MOODY. I cannot conceive the possibility of making a distinction in favor of classes or against classes. The rule whenever adopted must be uniform as it is now.

There is a general rule, by common consent, at the present time, limiting the hours of labor to ten. Within my recollection, and undoubtedly within yours, the limit has been 12 hours, 15 hours, and 16 hours; and I apprehend that when an adjustment is made, as I conceive it certain to be made, this rule will be as general in the readjustment as it has been and as it is at present.

Mr. RICE. We probably agree in that exactly. We have worked down from 16 hours a day to 9 or 10 hours a day. That is what labor generally has done.

Mr. MOODY. Undoubtedly; and under this very influence.

Mr. RICE. May we not trust to the same influence to work the hours of labor down in accordance with the necessities of human nature and the advanced condition of the laboring classes? May we not trust to the same rules to operate hereafter that have brought the hours of labor down from 16 to 10 hours a day? And is it not better to leave the thing patiently to await the operation of those natural laws, aided by the increased intelligence of the laboring classes, than it is to undertake to accomplish it by any harsh arbitrary rules of legislation?

Mr. MOODY. We might wait and leave it to what you call the course of events; but that necessarily carries with it long delay and a procrastination of the evils.

Mr. RICE. Do you not always have to wait for the fruit to be ripe before you pick it?

Mr. MOODY. But I hold that it is absolutely ripe now, and we ought to pick it.

Mr. RICE. Then pick it, or tell us how to pick it.

Mr. MOODY. I appear before this committee for the purpose of showing how it may be picked, and I say that it may be picked by carrying on this process of the reduction of the hours of labor, which commenced with 16 hours, and has gone through to 14 hours, 12 hours, 10 hours, and 8 hours.

Mr. THOMPSON. Is not the theory of your views simply this, that the combined capacity of machinery and muscle produces more than there is a demand for? Is not that the prime evil of which you have spoken?

Mr. MOODY. It is exactly that; only to a far greater extent than is indicated by the form in which you have put the interrogatory.

Mr. THOMPSON. Assuming that that is the evil to which your attention is directed, and about which your advice is given, you suggest that that evil can be modified, if not eradicated, by continuing the use of machinery or enlarging the time of its use, and by diminishing the hours in which human labor shall be combined with machinery in the production of the articles necessary for consumption?

Mr. MOODY. I do not exactly understand your interrogatory.

Mr. THOMPSON. I understand that you propose as a remedy or a modification of the evil, not to limit or lessen the use of machinery, but to limit or lessen the hours of the labor of individuals, duplicating the times, or tours, or shifts, so as to allow two men hereafter to do the work that one is doing now. Is that your remedy?

Mr. MOODY. Not by using shifts.

Mr. RICE. That is what you said.

Mr. MOODY. I said that it might be done in that way, although I admit that it might turn out to be a bad way of accomplishing it in the end. It might be accomplished in that way, but I do not think that that way would be acceptable even to the owners of machinery themselves.

Mr. THOMPSON. I admit the idea that this shift is somewhat an expedient, and is merely temporary in its operations, not permanent.

Mr. MOODY. Shifts are only resorted to in extraordinary cases.

Mr. THOMPSON. Now you propose that this expedient, which is used only on extraordinary occasions, shall be the permanent rule of production in this country, and that the hours of labor shall be fixed by law or agreement.

Mr. MOODY. I beg your pardon. I do not propose this method of shifts. I deem that it would be, on trial, rejected, and that the very owners of machinery themselves, rather than continue it, would duplicate their machinery.

Mr. THOMPSON. That amounts to the same thing.

Mr. MOODY. But what I do hold is distinctly this, that it can be accomplished not by enlarging the time for the use of machinery, but by limiting the time for the use of machinery and enlarging the construction of machinery.

Mr. THOMPSON. What would you gain if you assume that machinery can be used now the number of hours in a month that it is used, and that a healthy man can work the number of hours in a day (either by brain or by hand) that he now works, if you reduce that to a much shorter period?

Mr. MOODY. The gain would be that, in place of having half of the people idle and our market destroyed, we should have all the people employed and a healthy market.

Mr. THOMPSON. Do you believe that the hours of labor (whether of literary or professional men, or manual laborers) are too great for the health and well-being of the individual?

Mr. MOODY. That is a question that is not at all pertinent to the present discussion, although I do not object to answering it.

Mr. THOMPSON. Assuming that the hours are not too long now, how would society be benefited by forcing a man to labor only half the time that he can labor without injury to himself?

Mr. MOODY. Society would gain by supplying employment to the idle. There would be the gain to society.

Mr. THOMPSON. Then you would compel the producing classes of the country in all departments of labor to double the number of individuals who are engaged in producing a given quantity of goods simply because the labor of men who are now unemployed would then come into use?

Mr. MOODY. I would not compel the productive industries of the country to double the quantity of production.

Mr. THOMPSON. I did not say that, but you would compel them to double the number of men engaged in production.

Mr. MOODY. I would compel them to do it simply because their own salvation, their market, their interests, their everything depend upon the employment of the whole community.

Mr. THOMPSON. In short, I understand you to give as the prime cause of the depression in business that the productive capacity of the country is beyond the demands of the country?

Mr. MOODY. Yes; I accept the proposition in that form.

Mr. THOMPSON. And now you propose to remedy that evil, or that vice, by limiting the hours which individuals shall work. You would have no more work done, but you would have more men engaged in doing the same work that is now being done?

Mr. MOODY. Yes.

Mr. THOMPSON. And you would thereby equalize to some extent the rights of those who are working?

Mr. MOODY. It is not a question of rights.

Mr. THOMPSON. Well, the hours of labor. That, you think, is the cause of the trouble, and that is your remedy for it?

Mr. MOODY. That is my remedy for it.

Mr. THOMPSON. Under your sliding scale the time must come when, by the increased use of machinery, two hours a day would be sufficient to run the machinery and to produce all that the country can consume?

Mr. MOODY. I believe that it is within the line of Divine Providence that the time will come when a man, in place of working ten hours a day for his animal existence, may, by the use of his brain and by mechanical devices, if you please, be required to work only two hours.

Mr. THOMPSON. You recollect the anecdote of the Irishman who was asked to buy a stove because it would consume only half the amount of fuel, and who said that he would buy two stoves so as to consume no fuel at all. Now, if your principle be carried out, the time may come when it will be necessary to perform no labor at all, and when there will be nothing for man to do.

Mr. MOODY. Then, inasmuch as fire will destroy all structures, you might as well say that we shall have no fire; or, inasmuch as water will drown, you might as well say that we shall have no water. I conceive that illustrations of that kind, by anecdotes, do not touch the point; they only serve to divert attention from the real question in discussion, and turn matters into ridicule.

Mr. THOMPSON. Not at all, I beg your pardon. That was the logical sequence of your statement, that the hours of labor were being reduced, and that if necessary they would be in the future further reduced. Now, there is no limit to the capacity of machinery, and so, as they are in proportion to each other, there is no limit to the reduction of the hours of labor.

Mr. MOODY. The loom, for example, has been carried to very great perfection, and its operations are produced with a great deal of rapidity, but there never will come a period when some time will not be required in the process of weaving. Time, practically, we say, is annihilated in production; but, positively, it is not annihilated. Positive time will be requisite, and, whatever that positive time is or may be, we must adapt ourselves to it, or disasters will attend the want of such relation.

The CHAIRMAN. What would be done with the idle time? A man would have a great many hours on his hands; what would he do with them? Would it not be a great hardship to prevent a man from using his muscle in some sort of useful manner?

Mr. MOODY. The prevention of the use of muscle, as I propose it, would not apply to those persons who use their own muscle simply. There should be no limitation or attempted limitation for you or for me in using our own muscle.

The CHAIRMAN. Because it is not hired muscle.

Mr. MOODY. Exactly so; but the moment that you enter into the market with your muscle as a vendor, or as a purchaser, then it must come under the rule and condition of limitation. So, the farmer may use, by himself and his family, if you please, his means and his force for sixteen or twenty hours a day, as was done in old times; but the moment he enters into the market as an employer he must employ labor on pre-

cisely the same conditions that every other person employs it. If he chooses to employ two or three or half a dozen shifts to do his work, he may do so; or if he deems it preferable to have half a dozen reapers at once he can do so. The Tribune formerly required all night to run its presses so as to get off its edition, but it has now got improved presses so that it can go to press at three o'clock in the morning, and have its whole edition printed off by four o'clock. But the Tribune runs its machinery in strict accordance to the powers of production. If the Tribune should insist on running its machinery for four, or six, or eight, or ten hours a day, the result would be that it would have a mass of papers for which it could find no market, and its whole business would be destroyed.

The CHAIRMAN. Going back to the blast furnace, you could not stop the steam engine every six hours. If you do it chills up.

Mr. MOODY. There is where the shift comes in.

The CHAIRMAN. You would have new shifts every hour or two.

Mr. MOODY. Just to meet the necessities of the existing conditions. I do not say now that the time of labor should be reduced either to eight, or to seven, or to six, or to any other number of hours; but what I do insist upon is that this matter should be thoroughly examined. I have only commenced to examine it, as I stated distinctly in my publication; but I have been stating facts or propositions here that require thorough examination, and I earnestly hope that that examination will be continued. The question of unemployed laborers is something which I wish to present to the committee, and in respect to which I have some facts and figures.

The CHAIRMAN. The committee will be glad to have them.

Mr. MOODY. I think that they are of vast importance. I have given this matter a good deal of study. In this little volume of mine I adopt the popular estimates merely for the purpose of discussion, and I state that there are about three millions of people out of employment in this country. I stated distinctly in this publication that I had no means of verifying the estimates; that I had no data. Since that time I have obtained very important data on the subject. Massachusetts has a labor bureau which, most fortunately, has done the country some service, and which, with regard to statistics of labor, has done very important service. On the reports of this bureau I base my estimates entirely. In the report of 1875 you will find a table giving the reports of 55 of the main industries of that State. The number of persons employed in those 55 industries in 1865 was 225,979. Ten years after that (in 1875) the number employed in them was 248,313, leaving an apparent increase of persons employed in those industries of 22,334. This same report shows that the percentage of increase of population in that State was 30.38. That would give an increase in the population of the productive classes equal to 68,652. After the census of 1865 was taken there were disbanded from the forces engaged in the war of the rebellion 62,294 men in the State of Massachusetts. Add these two sums together and they show 130,946 persons added to the industrial classes and requiring employment. The increase in the persons employed from 1865 to 1875 was only 22,334, thus leaving 108,612 persons out of employment, or unaccounted for. This would give to the whole United States (estimating Massachusetts as constituting one twenty-seventh part of the population of the country, which is very close by the figure) 2,932,524 persons unemployed or unaccounted for.

The CHAIRMAN. You assume that all who are not accounted for are without employment.

Mr. MOODY. They do not appear in the industries.

The CHAIRMAN. They do not appear in the industries of Massachusetts. Does it follow that they do not appear in the industries of other States?

Mr. RICE. You have seen Mr. Wright's statement made by him within a few days?

Mr. MOODY. I have.

Mr. RICE. He states that the whole number of laborers in Massachusetts is 584,690.

Mr. MOODY. That was in 1875.

Mr. RICE. You have got the figures between two and three hundred thousand.

Mr. MOODY. Excuse me; my figures are for those 55 industries.

Mr. RICE. Then that shows that you have not got more than one-half of the industries of Massachusetts included in your estimate. May not, therefore, the large portion of those who, you say, are unemployed have gone into those other industries that are not included in your estimate?

Mr. MOODY. I carry that thing through, I take the whole.

Mr. RICE. You have taken industries which employ only about one-half of the laborers of Massachusetts, and on those industries you base your figures as to the number of unemployed. You therefore have a fallacy at the beginning which runs through your entire calculation.

Mr. MOODY. I take up that very point. I show that the total productive classes in 1865, in Massachusetts, were 425,000, and in 1875 were 580,000. The total increase in the whole productive classes was 122,795, while the total increase in the number of persons employed was only 45,000.

Mr. RICE. Is that in all the industries?

Mr. MOODY. In all the industries of Massachusetts.

Mr. RICE. Including agriculture?

Mr. MOODY. Including agriculture and everything. You ask me what those industries are. They are agricultural implements, arms and ammunition, artisans' tools, boots and shoes, &c., then running through all the textiles and through all the iron, wood, and leather manufactures. These are all included in the 55 industries. The other industries are of very minor importance, employing but a very small comparative portion of the people. But the whole number of the productive classes in Massachusetts in 1865 was 425,000, and the increase in 1875 amounted to 122,795, to which the number of discharged soldiers was added, making the whole number 185,089. Of that 185,000, only 45,000 found employment, leaving 140,000 without employment.

The CHAIRMAN. Where are they?

Mr. MOODY. Echo answers.

The CHAIRMAN. Are they in Massachusetts?

Mr. MOODY. We have no knowledge of any migration from Massachusetts. There is no claim of migration from there. Now where are they?

The CHAIRMAN. We see a great many Massachusetts men in New York.

Mr. MOODY. I see one now.

Mr. RICE. You do not believe that Mr. Wright's tables showing 28,000, or thereabouts, unemployed in Massachusetts are reliable?

Mr. MOODY. In answer to that I can only say that the figures which I have given you are taken from Mr. Wright's reports. I am perfectly astonished that a man should disregard the reports of his own sworn agents who carefully canvassed the whole State, and that he should go to police officers and to boards of assessors, who know nothing of the subject, and ask them to impeach the report of his own agents.

The CHAIRMAN. But what evidence is there that Mr. Wright has neglected to take the evidence of his own agents?

Mr. MOODY. His own figures.

The CHAIRMAN. His own figures do not contain evidence that he has not taken the information which he has obtained from his agents. I understand that he has taken the census of the unemployed labor of Massachusetts at the present time, and that it shows some 28,000 (males and females) out of employment.

Mr. MOODY. He does not pretend that he has taken the census. All that he pretends to have done is to have sent out a circular asking the police of the cities and towns, and the assessors in other parts of the State, to give their estimate of the number of persons unemployed.

Mr. RICE. Do you think that statistics obtained from the assessors of towns, and from the police authorities in cities, are less reliable than those obtained from agents sent around on the business of getting statistics?

Mr. MOODY. These do not pretend to be statistics; they are merely estimates obtained from those authorities.

The CHAIRMAN. This is the language of Mr. Wright: "We say the figures herein reported are reliable. We have given the croaker the benefit of every doubt. When the board of assessors of any town or the authorities of any city have differed among themselves as to the number of unemployed, we have without exception used the largest number. We have not been content even to halve the difference. For instance, the chief of police of Salem and his men concurred in an estimate for that city; afterward the mayor wrote the bureau that he believed the number was much larger, and stated what he thought it should be. We therefore adopted the mayor's figures. We have done this invariably; and whenever the assessor of any town or the authorities in any city have been unable or unwilling to make a report, representatives of the bureau have given the place a thorough canvass by interviewing all classes of people—overseers of the poor, employers of labor, road-men, and all in a position to give information—and obtained a fair estimate. With rare exceptions the town and city officials have not only responded cheerfully to the request of the State, but have in most instances spent a good deal of time in obtaining the actual number of persons out of employment."

Mr. MOODY. The figures which I have been giving you are from this official report of Mr. Wright, and those figures are obtained by estimates received from the parties to whom he credits them. Here is the official report for 1875. One or the other is wrong.

The CHAIRMAN. He does not base the number out of employment in the year 1875 on the actual census, but he tells how he got the figures.

Mr. MOODY. But there has been no change of population amounting to hundreds of thousands in Massachusetts.

The CHAIRMAN. I don't know about Massachusetts, but there has been an enormous migration to the West during the last few years.

Mr. MOODY. Not out of Massachusetts. I do not place the smallest particle of confidence in this statement of Mr. Wright's as against his own figures here.

Mr. RICE. Let me testify to one thing. My own city is one of the cities mentioned

in Mr. Wright's report. I took pains to go and ask the clerk of our board of overseers of the poor, whom I consider to be a remarkably intelligent and efficient official, and he told me that the statement by Mr. Wright tallied with his own information.

Mr. MOODY. With reference to the poor?

Mr. RICE. With reference to the unemployed in the city, so that I have one straw of evidence that goes to corroborate Mr. Wright's statement.

Mr. MOODY. I have a straw in the other direction. A short time since there was a meeting held in the office of the mayor of the city of Boston, at the request of the Rev. Edward Everett Hale and a few others, to see what could be done for the unemployed laborers in that city. I was one of the parties present. As a preparation for that meeting I went around among the industries in the city of Boston and obtained reports from them. They were the representative industries, including building organs, iron works, leather, &c. I went round and obtained the statistics as to the number of persons employed, and their wages as compared with three years ago. I got eleven reports. In some cases where there had been employed between three and four thousand persons three years ago, they were employing at the same date this year only 44 per cent. of the usual number. I forget what the exact figures were, but there was a decrease of 56 per cent. in the number of persons employed. At that very meeting the overseers of the poor of the city of Boston reported that they had less application for assistance than they had had previously in a term of years, while the superintendent of streets reported that there was a larger number of applications for labor than he had ever known before. Nevertheless, the fact still remains that Mr. Wright's report of 1875 shows 140,000 people out of employment, not accounted for in the industries of that State, who should be accounted for, and that would make for the whole United States (estimating the population of Massachusetts as one twenty-seventh of the whole) 3,780,000 persons out of employment. Mr. Wright gives 28,000 for the total number reported or estimated as unemployed in Massachusetts. That would give in the United States 759,716 persons out of employment (and Mr. Wright claims that Massachusetts fairly represents the Union in that respect). Mr. Wright stated in his report that there are on the average three dependents on each person in the productive classes. Multiply 759,716 by 3 and there would be, according to Mr. Wright's showing, 2,279,148 persons in the United States without means of subsistence. These persons are living either as mendicants or as thieves, or else they are starving.

Mr. RICE. According to your estimate how many would there be out of employment; you say 3,780,000?

Mr. MOODY. This is based on the figures of Mr. Wright.

Mr. RICE. Multiply that figure by three and it would make nearly twelve millions in the United States without means of subsistence?

Mr. MOODY. Nearly twelve millions.

Mr. RICE. Do you think that nearly 12,000,000 of the population of the United States are at the present time mendicants or thieves?

Mr. MOODY. I believe that approximately one-half of the population of these United States has not a sufficient amount of employment to obtain subsistence.

Mr. RICE. I am very sorry to hear the testimony of so respectable a gentleman to such an effect.

Mr. MOODY. There is another point to which I wish to call attention. At the close of the war of the rebellion there were discharged from the armies of the North over a million men. Mr. Atkinson, in his article in the International Review, puts the figure at 1,500,000. There were discharged from the Southern armies at least 500,000 more; so that, in 1865, some 2,000,000 of men were turned out of the armies, North and South, who never entered into the industries of the country except through the displacement of others. That is a very important thing to be considered by this committee.

Mr. RICE. You have gone through very elaborately with your statement and views, and this discrepancy between your estimate and the estimate of Mr. Wright is very great. I should be glad to ask you some more questions, but I do not think it best to do so. I think that I perhaps see the tendency of your testimony and of your views.

On a subsequent day Mr. Moody again appeared before the committee and submitted the following:

Statement showing the number of unemployed in the State of Massachusetts, as shown by the census report of that State for 1875, published in June, 1877, by Hon. Carroll D. Wright, chief of the bureau of statistics of labor.

The total number belonging to the productive classes in that State, in 1865, was very nearly 450,000.

The bureau of statistics of labor report for 1875, in the statement of the principal manufactures for 1845, 1855, 1865, and 1875 (see pp. 129–134), shows that in these industries, 55 in all, there were employed in 1875.... 248,313
in 1865.... 225,979

Showing an increase in employment of..... 22,334

The increase in the population of that State during that decade was 30.38 (see pp. 26 and 30). At that rate the increase upon 225,979, employed in 1865, for the next ten years, was	68,652
Of which number there found employment	22,334
Leaving unemployed and unaccounted for	46,318
These are the facts of the report. Based upon these facts, and at the same rates, I find that the increase upon the total number of the productive classes, *i. e.*, 450,000, for that period, was	136,710
Total number finding employment	44,668
Total unemployed and unaccounted for in Massachusetts in 1875	92,042
Multiplying this number by 27, to obtain approximately the whole number of unemployed in the United States, gives	2,485,134

In this statement no account is taken of the 62,294 men returned to the industries of that State at the close of the war of the rebellion, who were disbanded in 1865–'66, after the census of 1865 was taken. This number of men should enter into the statement somewhere, it being a number added to that of the normal increase herein considered, and is a factor which Mr. Wright has not noticed. This fact shows that the soldiers who were returned from our armies at the close of the rebellion have never entered into the industries of our country except as they displace others.

When it is remembered that the average number dependent upon the productive class, men and women, is a little over three, some idea may be formed of the magnitude of the distress and peril which lies in this host of idlers.

In this statement no account is taken of the time lost by those who have work for only one-half or one-quarter of the year, or more or less, which, as shown by this bureau report, amounts to a fraction more than one-fourth; equal to one-fourth of the whole industrial class who find employment.

Neither is any account taken of another fact shown in this same report, viz, that the average daily wages paid in 1875 to those who were employed was $1.19, which, since that time, has been reduced at least 25 per cent.

W. GODWIN MOODY.

The CHAIRMAN. May not the explanation of the discrepancy be that Mr. Wright has since made investigation on the subject, thus obtaining new light?

Mr. MOODY. There may be a miracle of that kind.

The CHAIRMAN. Is it a miracle if anybody gets new light in this country?

Mr. MOODY. I would rather say that it was a miracle if he receives light.

The CHAIRMAN. The committee is here trying to get light.

Mr. MOODY. And it will be a miracle if you receive it.

The CHAIRMAN. I hope you have performed your share in the matter.

Mr. MOODY. I hope I have assisted somewhat in stirring the waters. This report was made public last year, and I hardly think that so great a miracle has been performed as to work so great a change between the statement furnished in the report and the estimates of the police of the State of Massachusetts.

VIEWS OF MR. HERBERT RADCLYFFE.

NEW YORK CITY, *August* 21, 1878.

Mr. HERBERT RADCLYFFE appeared before the committee.

By the CHAIRMAN:

Question. State your residence and occupation.—Answer. I reside in Boston; I am unfortunately a journalist.

Q. Are you connected with any newspaper?—A. For the moment I am not. Two months ago I was editor of the Boston Journal of Commerce, a paper which I founded six years ago. I am now the agent of the Business Improvement Society of Boston.

Q. Have you had occasion in the course of your business or studies to investigate the depression of labor and the causes of it, and to ascertain whether any remedies can be suggested?—A. I have examined into the conditions of labor as connected with business interests, but otherwise not. I have examined the condition of business and the existing depression and the causes of it, and the remedies.

Q. Do you consider that business is depressed?—A. That is beyond all dispute.

Q. How would you define the depression; is it a depression as to volume of business, or is it as to prices of commodities?—A. I think that there is no profit to the manufacturer, and that the volume of business is as restricted as it can possibly be to the closest point.

Q. Do you think that the volume of general business is less in amount than it was

in the year 1872, which was a year of great prosperity?—A. I think that in some departments it is greater, while in others it is less.

Q. Specify the departments in which you think that the volume of business is as great as it was in 1872, and those departments in which you think it is less than it was in 1872?—A. There is a larger grain business. There is a much larger business in all bread stuffs than there was in 1872, owing to the increased export abroad; but, when you come to manufacturing, there is a much less volume of business, with the exception of cotton goods, which also have an export trade.

Q. Then I understand you to say that the cotton business is not less in volume than it was in 1872?—A. I should think that the cotton trade is larger than it was in 1872 in consequence of the export trade.

Q. How is it with the boot and shoe trade; is that larger or smaller than it was in 1872?—A. There is not so large an export trade in that business, but undoubtedly I should think it is larger than it was in 1872.

Q. How with the woolen business?—A. That, I think, is less than in 1872.

Q. Have you any figures on the subject?—A. I have not any figures on the subject. We are importing $26,000,000 worth of woolen goods a year, and so long as we are doing so we are really buying what we ought to be manufacturing.

The CHAIRMAN. That is not the point. Suppose we imported $36,000,000 worth in 1872, and only $26,000,000 worth now, we might be making more; so that that does not prove anything.

Mr. RADCLYFFE. I have prepared a statement which I would like very much to read to the committee.

The CHAIRMAN. We will hear the statement; but, as a preliminary matter, I wished to come to details in order to ascertain where the business had fallen off.

Mr. RADCLYFFE. As I said before, I think it has fallen off wherever the export trade has not come to our relief.

The CHAIRMAN. Take the manufacture of iron, where we have a very small export trade. Do you know whether the quantity of iron made and sold now is less than it was in 1872?

Mr. RADCLYFFE. I should not like to answer that question. I think that the product of iron has been so inflated, and there is such an immense difficulty in placing that product on the home market, that the business must be seriously depressed.

The CHAIRMAN. All the iron that was made in 1877 was sold, and the stock of iron on hand at the beginning of that year was reduced, so that there was no difficulty in selling it. The difficulty was in getting a price which would be remunerative.

Mr. RADCLYFFE. Do you really consider that the iron produced in 1877 was marketed into the consumers' hands?

The CHAIRMAN. I know that it was marketed.

Mr. RADCLYFFE. Was it not transferred from the factories into the wholesale stores, and have not these wholesale stores since failed, and is it not so that the iron has not got into the consumers' hands at all?

The CHAIRMAN. That is not the fact.

Mr. RADCLYFFE. That question has been raised.

The CHAIRMAN. I wish to say to you that we have an iron-trade association which keeps an accurate statement of all facts connected with the trade, and it is a fact that the stock of iron in the hands of consumers and producers is less now than it was a year ago, and that the whole quantity of iron made last year was greater than was made in any previous year, except 1872 and 1873. Now, if you have a written statement the committee will hear it.

(Mr. Radclyffe proceeded to read a paper which he subsequently declined to leave with the committee, and in regard to points in which the following discussion arose:)

Mr. RICE. Do you think that there has been rascality in the management of savings banks?

Mr. RADCLYFFE. I think that a good deal of loss from savings banks has been inevitable.

Mr. RICE. It has been inevitable from the depreciation of property?

Mr. RADCLYFFE. Certainly.

Mr. RICE. Do you think that the proportion of loss of property invested in savings banks has been any greater than the proportion of loss from investments in other kinds of property?

Mr. RADCLYFFE. I should not like to say that it has been any greater, but still the workingman has grown suspicious of savings banks.

The CHAIRMAN. Do you think that the government should establish a system of uniform protection to investors in savings banks?

Mr. RADCLYFFE. I think so.

The CHAIRMAN. Do you think that the general government is better qualified to undertake that task than the State governments are, which are the immediate creatures of the people?

Mr. RADCLYFFE. My suggestion is that this should be a subject of Congressional

investigation. I will state furthermore, as one argument in favor of national legislation on the subject, that the national government now looks after the national banks, and there should be some similar protection to the laboring classes, I think, in the regulation of insurance companies and savings banks. That would do a good deal to destroy the bad feeling which now exists against these institutions.

The CHAIRMAN. You know what happened to the National Insurance Company organized by act of Congress?

Mr. RADCLYFFE. Yes; I do.

The CHAIRMAN. And you know what happened to the only savings bank ever organized by Congress?

Mr. RADCLYFFE. I do.

The CHAIRMAN. Is there any encouragement for Congress to engage in such work after the failure of the Freedman's Savings Bank and the National Insurance Company?

Mr. RADCLYFFE. The national banks are regulated very well, and are very creditable to the nation.

Mr. RICE. Has there not been as large a percentage of failure among the national banks as among the savings banks?

Mr. RADCLYFFE. I should not think so. You understand I do not advocate national legislation on the subject; I only suggest whether that is not a fit subject for this commiitee to investigate.

The CHAIRMAN. Do you think that it is the rich who hold government bonds?

Mr. RADCLYFFE. I think that, until quite recently, it has been so.

The CHAIRMAN. Have you ever examined the list at the Treasury Department of the regular holders of government bonds?

Mr. RADCYLFFE. I have not, but I should think that such property has been, up to very recently, in the hands of the rich; but, from the distrust of the laboring classes in savings banks, owing to the failures of such banks, a good deal of money has been placed by the laboring classes in government bonds.

The CHAIRMAN. But the savings banks themselves, previous to the panic of 1873, were the largest domestic holders of government bonds.

Mr. RADCLYFFE. I hardly think that that statement is correct.

The CHAIRMAN. They were the largest class of holders. The Bowery Savings Bank in the city of New York, held $17,000,000 of government bonds, and all the savings banks in the State of New York held, in the aggregate, a sum which I am almost afraid to repeat, but very largely over $100,000,000. That was true of the country at large, and an inspection of the registry-books at the Treasury Department will show that the great mass of the public debt is held either by savings banks, or by estates and trustees in moderate amounts. The astonishing fact is developed there that $1,000 is nearer the average amount held by each holder than any other sum. The savings banks, the insurance companies, and the middle classes are the great holders of government bonds, as shown by the books of the Treasury Department.

Mr. RADCLYFFE. Our savings banks in Massachusetts have invested much more largely in real estate than they have in government bonds.

The CHAIRMAN. Would the government be able to place a 4 per cent. bond on the market at par, as it is now doing, if such bonds were not exempt from taxation?

Mr. RADCLYFFE. We cannot tell that until it is tried. I have got some remarks written in regard to a tariff system, which I would like to read.

The CHAIRMAN. This is not a committee to revise the tariff. That belongs to the Committee of Ways and Means, which is to have a subcommittee at the custom-house next week. We want to know the causes of the present depression in business. You say that the tariff is one of these causes. You say that the tariff is an incongruous mess, and that it ought to be remedied. I agree with you, but we are not to undertake the correction of a tariff system. You may omit that portion of your paper, therefore, and go on with the other remedies that you have to suggest.

Mr. RICE. Everybody would be glad to see the tariff improved if we could only see how it could be improved without making matters worse.

Mr. RADCLYFFE. My object was to show by figures that the markets of the world would be open to our manufactures, and that labor would be therefore employed, if our present tariff system was changed.

The CHAIRMAN. Yes; that is one of the points.

Mr. RADCLYFFE. Of five manufactured articles, Great Britain exported in 1876 $625,000,000 worth. Our whole export trade for that year was only $644,000,000. We will have to secure a portion of England's export trade before we can have our factories and labor in a prosperous condition.

Mr. RICE. Are we not taking some of their trade from them now?

Mr. RADCLYFFE. A very small amount. The majority of our exports is not in manufactured goods, but in provisions and breadstuffs, which the people need at home.

Mr. RICE. Are not the shoe and leather manufactories of Massachusetts exporting their product?

Mr. RADCLYFFE. Certainly.

Mr. RICE. Are not the cotton manufacturers exporters?

Mr. RADCLYFFE. Yes.

Mr. RICE. Are they not increasing their exports?

Mr. RADCLYFFE. While we are exporting cotton goods at the rate of $10,000,000 a year we are importing cotton goods at the rate of $11,000,000 a year. We are buying $26,000,000 of woolen goods from abroad, and are not exporting a dollar's worth of woolen goods, while England sells $115,000,000 worth. Now, I am after a portion of that $115,000,000 and to stop buying $26,000,000 worth of woolen goods which we ought to make at home. The restricted market for our manufactured products is causing a good deal of the depression in business. If we had a larger market abroad for our goods we should have a larger trade. Not only do we need a change in the tariff, but we also need commercial treaties which I know you, Mr. Chairman, have advocated with great ability. While you were representing this country in Paris at the Exposition, I believe you saw the advanced condition of the industries of European countries, and how important and desirable it was that our country should have a market in Europe. We need a commercial treaty with France, and we need commercial treaties with every country with which England has a commercial treaty to-day. England secures special advantages by its treaties, and we need to be on an equal footing with her by similar treaties.

The CHAIRMAN. Specify any country except France with which England has a special commercial treaty.

Mr. RADCLYFFE. I will not mention it as a fact, but I believe it to be a fact that England has a commercial treaty with Brazil.

The CHAIRMAN. There you are mistaken. The people of Great Britain have been, for many years, averse to making commercial treaties, with the exception of the Cobden treaty made with France in 1860; and that has been a subject of a good deal of discussion as being a violation of sound principle. And now that the Cobden treaty is about expiring it is extremely questionable whether it can be renewed. I am not arguing against commercial treaties, but only mention this as you refer to them. I am not aware of any country that has them except France, which has always had two tariffs: one the conventional tariff, and the other the commercial tariff. England made a commercial treaty, known as the Cobden treaty, with France, and it has been that kind of treaty which I myself have been desirous of making with France, in order that we might get special benefits.

Mr. RADCLYFFE. While England may not have commercial treaties, I think she has secured advantages from the tariffs of other countries. I was examining some time ago the Chilian tariff (or at least the tariff of one of those South American countries), and I noticed that the goods imported from Great Britain were to pay such and such duty, while the same goods imported from other countries were to pay a higher rate of duty.

The CHAIRMAN. I think we have a treaty with Chili containing the "most favored nation clause," and a like treaty with every South American state, so that that distinction would not apply to us.

(Mr. Radclyffe having read a portion of his paper on the subject of taxation, the following discussion took place:)

Mr. RICE. Do you mean to say that real estate is subject to greater taxation than money invested in government bonds?

Mr. RADCLYFFE. I certainly said so.

Mr. RICE. How so?

Mr. RADCLYFFE. Because real estate has to pay State and municipal taxation and insurance, and so much has to be allowed for repairs.

Mr. RICE. Is not insurance a contingent on real estate that is entirely separate from taxation?

Mr. RADCLYFFE. Certainly. I was merely showing the advantages of government bonds as an investment in comparison with investment in other kinds of property.

Mr. RICE. A great deal of the real estate in our State is mortgaged, is it not?

Mr. RADCLYFFE. So it is everywhere, I expect.

Mr. RICE. Do you know any money that is loaned on property in Massachusetts at less than 6 per cent.? Is not that the regular ruling rate of interest on all money invested in mortgages in Massachusetts?

Mr. RADCLYFFE. I should take it to be so.

Mr. RICE. Now, the rate of municipal taxation in Massachusetts does not exceed 1½ per cent., does it?

Mr. RADCLYFFE. I do not think it does.

Mr. RICE. Take the money invested in government bonds at 4 per cent., and is not the difference fully equal to the amount of taxation on real estate? I mean, take a government bond at 4 per cent. and a mortgage bond at 6 per cent., and allow 1½ per cent. taxation on the mortgage bond, does not the holder of the government bond pay as much in the diminished rate of interest which he receives from the money invested in government bonds?

Mr. RADCLYFFE. From the way you put the question it appears so, but I was making the point that there were inducements offered by government bonds to make capital inactive, and I stated that if a man invested $10,000 in real estate he would have as an outgo to allow for insurance, taxes, and repairs. You admit that, do you not?

Mr. RICE. You are familiar with what percentage real-estate owners in Boston think they ought to get on their investments. That is large enough to cover these extraordinary expenses of insurance and repairs.

Mr. RADCLYFFE. It is just large enough for them to receive 3 per cent. on the property. They do not get that interest on their investment, because if they only get 3 per cent. on the property, they have to pay that out to meet the insurance, the repairs, and the taxation.

Mr. RICE. Do you mean to say that property is rented at 3 per cent,?

Mr. RADCLYFFE. Some of it does not rent for even that much.

Mr. RICE. I was not aware of any such rents.

The CHAIRMAN. You say that the issue of the 4 per cent. government bonds tends to make capital inactive. If a 6 per cent. bond is exchanged for a 4 per cent. bond, how is any capital made inactive by that process?

Mr. RADCLYFFE. The money paid out by the Secretary of the Treasury in redemption of a 6 per cent. bond might be invested in active business, but the holder of the 6 per cent. bond will go and buy a 4 per cent. bond.

The CHAIRMAN. Where does the goverment get the money to take up the 6 per cent. bonds unless it sells 4 per cent. bonds?

Mr. RADCLYFFE. But, unfortunately, all the money that is put into 4 per cent. bonds is not received from 6 per cent. bonds.

The CHAIRMAN. How is any capital made inactive by the exchange of 6 per cent. bonds for 4 per cent. bonds?

Mr. RADCLYFFE. It is not done by the exchange of bonds. Do you mean to say that all the money that goes into the 4 per cent. bonds is represented by 6 per cent. bonds?

The CHAIRMAN. Every dollar. No 4 per cent. bond can be issued unless a corresponding 6 per cent. bond is retired.

Mr. RADCLYFFE. I heard of two bank presidents in Boston who, a short time ago, held a conversation on the cars, in which they were referring to the fact that there was no money to be made in the banking business, and they said that money was to be made in buying government bonds. I was going on to state that there are 660,000,000 of 6 per cents. which are now redeemable at the pleasure of the Secretary of the Treasury, and that, by their being changed into 4 per cents., an annual saving of $13,200,000 in interest could be effected. I was going to state how desirable such a decrease of interest payment would be, in order that taxation may be reduced, and I thought that the sooner that could be brought about the better.

The CHAIRMAN. But if the government bonds were taxed that could not be brought about.

Mr. RADCLYFFE. I do not advocate taxing government bonds. I have already stated that the tariff should contain a duty on tea and coffee. I would recommend also relieving active capital from taxation, and putting the tax on accumulated wealth—an income tax.

The CHAIRMAN. Is there a distinction between active capital and accumulated capital.

Mr. RADCLYFFE. I said between active capital and accumulated wealth. I want an income tax, which would fall not on what a man earns, but on what his estate shall be worth at the time of his death.

The CHAIRMAN. Is it a succession tax that you mean?

Mr. RADCLYFFE. I mean anything that would be regarded as property at a man's death and from which he obtains an income.

The CHAIRMAN. Suppose I have $100,000 actually engaged in the business of making iron and that I am making an income out of it, would you have that taxed or not?

Mr. RADCLYFFE. Would you consider that accumulated wealth?

The CHAIRMAN. Certainly. If I had $100,000, and put it into the manufacture of pig-iron, I would consider it accumulated wealth.

Mr. RADCLYFFE. I think that if an income tax can be adjusted to fall upon accumulated wealth instead of on active capital, it would be a very desirable tax.

Mr. RICE. Is it such an income tax as that you recommend?

Mr. RADCLYFFE. I say that an income tax that would give a revenue would be desirable if it could be put on accumulated wealth.

Mr. RICE. That is, on Mr. Hewitt's pig-iron or on his income from pig-iron business?

Mr. RADCLYFFE. I should consider that, if Mr. Hewitt had accumulated a large fortune and placed it in the iron business, and if that was to be considered an estate at the time of his death, it should be taxed.

Mr. RICE. Would you only tax it at the time of death?

Mr. RADCLYFFE. No. What I mean to say is: Suppose a man earned $1,500 or $2,000 or $3,000 a year by his labor, I would not tax what was dependent entirely on the efforts of the man, but I would tax that which was really property and which he could leave.

Mr. RICE. You mean an annual income tax, not a legacy tax.

Mr. RADCLYFFE. I do not mean a legacy tax.

The CHAIRMAN. I observe that you want to relieve active capital from taxation as far as possible, which is a very proper thing to do; hence you draw the distinction. There are a great many rich men in active business and making a profit from their business, and I want to know whether you propose to tax their profits as part of their income?

Mr. RADCLYFFE. Yes, sir. Whatever is accumulated wealth should be taxed. I would avoid taxing as much as possible any dollar that is invested in the iron business or any other manufacturing business, but I would tax accumulated wealth, whether it be represented by railroad bonds, insurance stock, national-bank stock, or the income from government bonds.

The CHAIRMAN. Suppose that Mr. Rice is a very rich man in the iron business, that he owns all his own capital, that he does not owe a cent, and that he has got his mills and machinery all paid for; and suppose that I am in the same kind of business, and am a poor man, having to borrow capital and to pay interest on it, and suppose Mr. Rice and I compete with each other; would you tax Mr. Rice and not tax me, or would you tax me and not Mr. Rice, or would you tax neither?

Mr. RADCLYFFE. I would tax neither.

The CHAIRMAN. Then Mr. Rice's accumulated wealth is to go free of taxation, whereas the accumulated wealth of another man, which was loaned to me to carry on business in competition with Mr. Rice, is to be taxed,?

Mr. RADCLYFFE. Mr. Rice's accumulated capital will be employed in his business.

The CHAIRMAN. Yes; but he gets an income out of that business. Mr. Rice may farm out his whole iron manufacturing business and capital, and may have an income of $100,000 a year from it. There is the money going into active business, and Mr. Rice gets $100,000 a year income out of it; but, as his capital is employed in that way, he is to be relieved from taxation, whereas another man, with the same amount of capital invested in houses or other property, is to be taxed. Is that the theory which you wish to lay down?

Mr. RADCLYFFE. I did not say anything about houses.

The CHAIRMAN. But you said that you would tax accumulated capital which would be called an estate at a man's death.

Mr. RADCLYFFE. Certainly.

The CHAIRMAN. Would not houses be called an estate?

Mr. RADCLYFFE. Do I understand you to speak of the business of building houses?

The CHAIRMAN. No; I mean the case of a man who has his money invested in houses, and who rents them and derives an income from them. Is that man to pay an income tax, while Mr. Rice, who has his money invested in the iron business, shall not pay an income tax?

Mr. RADCLYFFE. That would be for the persons who make the laws to say.

The CHAIRMAN. But you advise us to put on an income tax, and you ask us to draw a distinction between accumulated capital and active capital, and I want to know what the distinction is.

Mr. RADCLYFFE. I have made it as clear as I possibly can.

The CHAIRMAN. Then you may go on with your statement.

Mr. RADCLYFFE. The difficulty is, Mr. Chairman, that you always bring forward as an illustration your investments in the iron business.

The CHAIRMAN. But I put Mr. Rice in that business in order to avoid this criticism.

Mr. RADCLYFFE. I know you have got him in now; I consider that the iron business represents active capital, and I would not tax that. And while I consider that house property may be accumulated wealth, I can also see that it may not be accumulated wealth.

The CHAIRMAN. Take Mr. Astor's estate, for example, an enormous estate in houses, which he rents. There is no doubt about his accumulated wealth. He is about the richest man in New York in accumulated wealth. If any man is to be taxed, his is a case for taxation; yet you say you will tax him, and that you will not tax me if I put my money into the pig-iron business; now, Mr. Astor performs as useful functions in the world as I do. He supplies houses for people to live in, while I only supply pig iron to make stoves, &c. I want to get at your distinction between these two kinds of capital.

Mr. RADCLYFFE. I have given it as best I can. I do not say that such an income tax can be established; I merely say that if it can be, and if we could have the same revenue from it as we had in 1870 (some 25,000,000), that would come in very handy now and help to reduce taxation in other directions.

The CHAIRMAN. It would not reduce taxation; it would only change the incidence of it.

Mr. RADCLYFFE. When I spoke of bonds, you thought to pin me down as if I had stated that bonds ought to be taxed; and so you strive to pin me down on this income tax proposition when I merely make it as a suggestion.

The CHAIRMAN. I do not try to pin anybody down. I am trying to get at the exact facts.

Mr. RADCLYFFE. Excuse me. I think that you cross-examine very much as a lawyer would.

The CHAIRMAN. But I am not a lawyer. I am an ordinary man of business.

Mr. RADCLYFFE. I know that you are a very able debater in Congress while I am an ordinary individual using my pen. I am more accustomed to giving suggestions in that way than to debate. I merely suggest that if the government can get 25,000,000 from a tax on accumulated property it would be an excellent thing to do.

The CHAIRMAN. I not only think it would be an excellent thing to do, but I am in favor of an income tax. I am the only Representative from the city of New York who voted to instruct the Committee of Ways and Means to report an income tax; but I want to know how to apply it. It was the business of the Committee of Ways and Means to report a bill for an income tax; but when the committee undertook to apply it, it could not do so. The thing that we want is not a suggestion to put on an income tax (for everybody can make that suggestion), but we want to know how to put on an income tax so as to make it just.

Mr. RADCLYFFE. I was about to submit a plan of a tariff and a tariff system, but you would not let me.

The CHAIRMAN. I stated that that subject belonged to the Committee of Ways and Means.

Mr. RADCLYFFE. So does the subject of an income tax, and yet you ask me for a system.

The CHAIRMAN. And that is the objection I am making to it now.

Mr. RADCLYFFE. Then let us pass it by, as it belongs to the Committee of Ways and Means.

(Mr. Radclyffe then concluded the reading of his paper.)

VIEWS OF MR. WILLIAM G. H. SMART.

NEW YORK, *August* 21, 1878.

Mr. WILLIAM. G. H. SMART appeared before the committee.

By the CHAIRMAN:

Question. State your occupation and residence.—Answer. I am a stonecutter, residing in Boston.

Q. Are you now engaged in that business?—A. Yes, sir; when I have an opportunity.

Q. You mean when you can get work?—A. Yes; when I can get work independently.

Q. How do you mean?—A. I mean without working for an employer.

Q. You mean when you can contract to work yourself without the intervention of an employer?—A. Yes.

Q. In other words, you employ yourself?—A. Yes, but under the disadvantage of having no capital.

Q. You are a mechanic not willing to take wages, and you have no capital?—A. Yes.

Q. Be good enough to say how long it is since you had work?—A. I have had work frequently for considerable time on that basis, until the bad times came and the general depreciation in business, since which I have not of course had such good opportunities. I have been idle in the same way as capitalists themselves have been idle, and have had to keep men idle. I have been more or less idle. But I have been gradually changing my occupation somewhat, so as to make it suit my peculiar economical creed a little better.

Q. Have you been giving attention to the labor question and to the causes of the general depression in business?—A. I have been.

Q. Have you made up your mind what those causes are?—A. Yes.

Q. Be good enough to state them to the committee.—A. If the committee will permit me, I think I cannot make my statement in briefer terms or in a better way than I did in criticising the lecture delivered two years ago in Boston by Hon. David A. Wells; a lecture on the very subject that the committee is now investigating.

The CHAIRMAN. But you do not expect to take up the time of this committee in reading to us a lecture of Mr. Wells, because Mr. Wells is an authority whom we all read. The thing that we want to know from witnesses is the result of their own experience in regard to the depression in labor and the remedies which they would suggest.

Mr. SMART. I did not propose anything of the kind, but simply to read a letter of

mine which I published in the Advertiser, criticising Mr. Wells's lecture and giving my own views.

The CHAIRMAN. Certainly, that is right.

Mr. SMART. It is necessary for me to say first that the first remark which Mr. Wells made in connection with the depression in business was its universality. He thought that universality was a marked feature of it, as it extended not only through the United States, but almost everywhere. Then he called attention also to geographical considerations, and subsequently, after asserting the marked absence of general causes in producing the general depression, he attempted to explain the depression by local causes chiefly. It was there where I took issue with him. He mentioned a great many causes, but it is not necessary for me now to particularize. He attributed to local causes the general business depression which, he said, existed all over the world, particularly in the most advanced nations, and more especially in nations in which manufacturing industry had attained the greatest development.

The CHAIRMAN. England, for example.

Mr. SMART. England and Germany and America.

The CHAIRMAN. Do I understand you to say that the depression and bad times are worse in England than in Germany, which is much less developed?

Mr. SMART. No, sir; I have no means of saying whether it is or not. I should say it is not so bad anywhere as it is in the United States, but I am not sure how the facts are in that respect.

The CHAIRMAN. While England is recognized as the most active nation in manufacturing industry and in mechanical power, and in the agencies of production, it is in that country, as I understand you, that the distress is greatest.

Mr. SMART. It is where it should be greatest, if there were not some qualifying circumstances. In England there is a large accumulation of wealth in proportion to business. The wealth is distributed among a great number of large capitalists. We have not so much capital invested in business enterprises here as England has there.

The CHAIRMAN. Is there not a contradiction in the very statement which you have made, that the distress ought to be greatest in countries where industry is most developed?

Mr. SMART. I am perfectly willing to be examined by you, because I see that you wish simply to eliminate error. I do not think that that does conflict, because, everything else being equal, I think my statement is true, that we may expect to find, where there is the largest development of manufacturing power, the greatest disturbances arising from the development of the manufacturing power, through machinery taking the place of human labor.

The CHAIRMAN. If you go to a country like England, where such development is greater than in any other part of the world, and find that the people there have suffered less than has been suffered anywhere else, is not that a direct contradiction to the principle which you have been laying down?

Mr. SMART. I think not, for this reason, that it takes a greater amount of time to bring about the same degree of disturbance in one country under different circumstances. I say that England will suffer more than any of the nations, but it will take a longer time to bring it about.

The CHAIRMAN. In the London Times, which I received yesterday, is a statement that the general business of England is recovering perceptibly, and the London Economist, of last week, has a table in which the same thing is proven, showing that in England they are again on the upward course, that they are improving, and that the general demand for goods is increasing. If that is a fact, then, with all their development of machinery and their accumulation of capital (which is the result of the development of machinery), they have passed through this crisis with much less suffering than we have. It is a fact that they have done so, because you will find by the poor-law reports that there is a steady decline of pauperism in England. That being the fact, how do you reconcile it with your statement that business depression should be greater in England than anywhere else, and that it is due to the development of machinery?

Mr. SMART. If you say positively that that is a fact, I must admit that it entirely upsets my theory.

The CHAIRMAN. In 1871 the number of paupers relieved throughout England was 1,081,000. In 1877 that figure had fallen to 728,000, and there was a steady decrease during the whole year. These facts seem to contradict the fundamental principle with which you set out.

Mr. SMART. Yes, they seem to, but there is another explanation that may be a good one. It is, that England, having such an influence on the foreign markets of the world through her free-trade system, has driven her rivals out of the foreign markets, and has recovered her business at the expense of all the rest of the manufacturing nations. The United States finds itself now with the whole burden of the disturbance thrown upon it, because England, being the great monopolist in manufacturing, has been able to overthrow the power of all rivals.

The CHAIRMAN. That only proves, then, that the nation which can develop itself most

through machinery, can best pass through a season of distress, and therefore the lesson would be, "accumulate machinery and capital as fast as you can."

Mr. SMART. Yes; but what would it come to ultimately?

The CHAIRMAN. I do not know; but, in the case of England, it has been a benefit to her and she has got the inside track, as you say, of the rest of the world. Will it not be natural for us to do the same thing?

Mr. SMART. I want to place the theory a little more distinctly before you than I have done. My theory is that the industrial world is suffering from the rapid centralization of wealth in the hands of a continually-decreasing number of capitalists; that that centralization is a necessary consequence of the system by which the business of the world is transacted; that it has always been in operation, but that its action has been greatly accelerated by the moderate methods of industry and commerce, and that it has culminated (especially in this country) by the wasteful expenditure and other influences of war. The results of war in Europe and here have been one of the great agencies in bringing about a more rapid culmination than would have taken place otherwise, in the disturbance arising from the introduction of the new factors—from the new methods of industry and business. We have now reached, or are rapidly reaching, a condition of things wherein this process will cause the absorption of most of the national wealth by a very few capitalists, unless some machinery shall be found to reverse the process of centralization, and to affect a redistribution. The interest of all classes, capitalists as well as laborers, necessitates this, or stagnation must continue to increase. I claim that that is true, and that it results simply from the fact that we are allowing men to use their property in a way in which it ought not to be used, and in which it cannot continue to be used without leading to the breaking down of any system which is based upon such a principle. I mean that we are allowing men to use their wealth as a source of wealth—private wealth as a source of private wealth.

The CHAIRMAN. Do you mean to say that your objection is to allowing interest to be paid on capital?

Mr. SMART. Yes, sir.

The CHAIRMAN. You think that interest must be abolished?

Mr. SMART. I think that it must be ultimately abolished.

The CHAIRMAN. With the abolition of profits on accumulated capital (or of interest) there would be such a revolution in affairs, you think, as to distribute property more equitably and more generally among the people; is that your idea?

Mr. SMART. Yes; that is it precisely.

The CHAIRMAN. If we do not do that you think that property will accumulate in very few hands?

Mr. SMART. Yes, sir.

The CHAIRMAN. What would be the condition of property accumulated in a few hands in a country where there is universal suffrage?

Mr. SMART. Why, it would be abolished.

The CHAIRMAN. Then the remedy is in universal suffrage?

Mr. SMART. Yes.

The CHAIRMAN. But you think that suffrage is not sufficiently well instructed and enlightened to cure the evil yet?

Mr. SMART. It is not.

The CHAIRMAN. But you think it will be?

Mr. SMART. I believe it will be by the increase of the disturbance arising from these false relations. The relations between labor and capital are, under the present system, hostile. They are in direct antagonism. Labor is kept entirely dependent on capital.

The CHAIRMAN. And the remedy rests with the people when they have universal suffrage?

Mr. SMART. Yes, sir.

The CHAIRMAN. And the only reason why they do not apply the remedy is their condition of ignorance?

Mr. SMART. Yes, sir.

The CHAIRMAN. And the great thing that we ought to do is to instruct the people?

Mr. SMART. Exactly.

The CHAIRMAN. Give them a knowledge of the truth, and then rely on universal suffrage?

Mr. SMART. Yes, sir.

The CHAIRMAN. I think that you and this committee are at one on that point.

Mr. SMART. Are you at one with me in the statement that capitalists should not be allowed to receive interest on their wealth?

The CHAIRMAN. I am not.

Mr. RICE. What do you expect to live on when you get to be old and cannot work any more?

Mr. SMART. That question applies to my condition under the present system. Under what I believe to be a true system of society I should be provided for by the nation.

Mr. RICE. That is, taken care of at the public expense?

Mr. SMART. No, sir; at my own expense.

Mr. RICE. How?

Mr. SMART. By a system of insurance to which every man has to contribute out of his share of the joint earnings of the people. He ought to contribute a sufficient sum to provide for his old age, and also to insure his life for the benefit of his family, and to insure himself against sickness or accident; so that there really ought not to be any necessity for individual savings or accumulations at all.

Mr. RICE. And his family should be taken care of in the same way after his decease?

Mr. SMART. Yes; as long as his children are in the condition of minors, they and his widow should be taken care of undoubtedly in the same way.

Mr. RICE. And every family would be taken care of just in the same way; that is, all families would receive the same kind of care?

Mr. SMART. It appears to me so. There is nothing paternal about it. It is simply paying in for mutual benefit. I claim that governments should do what individuals do who are provident in insuring their lives. I do not consider that, if I insure my life, and if the sum for which I am insured is given to my wife and family after I die, they are receiving charity from the insurance company, or that they are in any way paupers. It is simply a wise provision.

Mr. RICE. Who would pay that insurance?

Mr. SMART. It would be paid by the nation.

Mr. RICE. But how would the money be raised?

Mr. SMART. I must go a little more in detail, I believe, in order to show that the nation collectively must become the possessor of all the means of labor.

Mr. RICE. That is, the nation should be the great capitalist?

Mr. SMART. Yes; meaning of course by the nation the whole people collectively. I see no reason why it should not be so. And when that comes to be so we shall cease to have to pay anything for the use of capital.

Mr. RICE. Then, Mr. Hewitt, yourself, and I would each receive the same insurance from the nation when we became superannuated or unable to work, or unwilling to work?

Mr. SMART. No, sir; my idea is that the superannuation allowance would be proportioned to wages.

The CHAIRMAN. Who would be the employer?

Mr. SMART. The nation.

The CHAIRMAN. Would the nation determine the wages of each man?

Mr. SMART. Yes.

The CHAIRMAN. How? By act of Congress?

Mr. SMART. No; you have got to conceive the system in operation in order to conceive the method by which the distribution of wages will be effected. It is clear enough to my mind. According to my ideal of the system, I think we shall have (just as we have the Post-Office Department) each one of our industrial and business interests formed into a department.

Mr. RICE. Do we not have a great many office-holders now?

Mr. SMART. We have a great many now.

Mr. RICE. We would have a great many more then?

Mr. SMART. Yes.

Mr. RICE. How would you make them responsible?

Mr. SMART. If I work for a railroad company the officers who control me are not responsible to me. Now, I want them made responsible to me; I want any man who has control of my life or my labor to be responsible directly to me.

The CHAIRMAN. It is complained now that members of Congress are very negligent and do not understand the interests of the community. That is, within the present narrow circle within which we move. Now, when the nation has to regulate everything, including the wages of every employé, how do you think that members of Congress can be expected to have wisdom enough for all that?

Mr. SMART. I do not want members of Congress to do it.

The CHAIRMAN. Who is to do it?

Mr. SMART. It would take too long a time to explain.

The CHAIRMAN. If you explain how that is to be done we will sit here till midnight.

Mr. SMART. Then I will do my best. Our present government is not at all the government to which I look forward. We have got a government of men who meet to legislate on private business at the public expense, and in the name of the public. It is nearly all private business that is done now in Congress, and in the State legislatures. How can we expect the government to be otherwise than corrupt? Is not the whole business of the country corrupt? How can you expect the men who represent the business interests of the country to form anything but a corrupt government? They form a government for the express purpose of taking care of their own interests. There is no man willing to go to Congress or to the State legislatures from any regard for public interest.

The CHAIRMAN. Are they not elected by universal suffrage?

Mr. SMART. They are.

The CHAIRMAN. Did you not say that universal suffrage was a check against the evils of a bad government?

Mr. SMART. Yes.

The CHAIRMAN. Then why are they allowed to exist now?

Mr. SMART. Because the people through centuries have been so educated in a false idea with regard to property that they do not know where the wrong is.

The CHAIRMAN. Then the difficulty is with the people not being well represented?

Mr. SMART. I do not find any fault with the representatives. They are doing precisely what it is in human nature to do. I find no fault with business men who take advantage of every opportunity to sell goods at two or three times as much as they cost them. They do it on business principles, and yet everybody must know that it is downright robbery.

The CHAIRMAN. You would have officials under your system?

Mr. SMART. Yes.

The CHAIRMAN. How would you choose them?

Mr. SMART. They would be chosen, I presume, by ballot.

The CHAIRMAN. They are so chosen now.

Mr. SMART. Yes; but there is a great difference between people choosing their representatives to sit in Washington, and choosing representatives under the system which I advocate. Now very few of them know anything about the men who represent them.

Mr. RICE. You would have no officials except those whom you knew about?

Mr. SMART. I should have no opportunity to vote for any persons whom I did not know.

Mr. RICE. How would you know, for instance, about the Representative from Oregon?

Mr. SMART. I would have nothing to do with him. Suppose I was in the post-office department in New York City. My idea is that I should have to vote for the officers of the post-office department in New York. If I am a member of a community where there are schools I should have a vote in reference to the management of those schools. I should have a vote in everything in which I have an interest.

Mr. RICE. That is, you would choose your post-office officials just as you would choose your school officials?

Mr. SMART. Yes, sir.

Mr. RICE. Are your school officials perfect men now?

Mr. SMART. They are not.

Mr. RICE. Are they any better than post-office officials?

Mr. SMART. No; I do not know that they are. But, supposing they are no better, I do not think that that affects the principle which I am advocating. What I want to show is, that a man ought not to be called upon to vote for a person as to whom he does not know whether he is fit for the position or not. I want men simply to vote for them who come immediately over them.

Mr. RICE. But there must be somebody at the head of a department?

Mr. SMART. Yes, sir.

Mr. RICE. And there must be some officials there connected with the general management of the department?

Mr. SMART. Yes, sir.

Mr. RICE. Should you know those? Can you always know all of these important officials?

Mr. SMART. I do not think that I should have to vote for any of them, excepting those with whom I come in direct contact.

Mr. RICE. That is, a sort of aristocracy at the top would choose those principal officers?

Mr. SMART. No, sir. Take the post-office of New York for an example. I believe that the men who carry the letters from house to house and from store to store should elect the person who has the management of that department, and that those who distribute letters should choose the persons to control their labor, and choose them from among their own number.

Mr. RICE. Then you would inevitably come to an outer ring somewhere.

Mr. SMART. Yes. Then these heads of minor departments in the post-office would elect the persons to whom they have to look for directions and instructions, and must be responsible to them. And again those persons, the heads and superior officers in the New York post-office, would elect the man who presides over the New York post-office; and so it would go on until postmasters throughout the country shall elect the head of the department in Washington. I will take the building department as an example. There is a head of that department, who finds, when making up his estimates for the next year, that there is a deficiency in a certain class of workmen—that there are not as many stone-masons as are needed in his department, and that it is difficult to get

men to go into that business, because the work of stone-masons is very laborious and exhausting. He finds, on the other hand, that he has got too many carpenters, about as many plasterers as he needs, and about a fair average of painters. But he has got too many carpenters, and not enough stonecutters. What does he do? He raises the wages of his stonecutters and lowers the wages of the carpenters for the next year. The result is that, of course, there will be a greater tendency to go into the stonecutting department than into the carpentering department, because men would rather do a little more laborious work if they get more wages for it.

The CHAIRMAN. I understand that, according to your theory, this superintendent of the building department would be elected by the employés?

Mr. SMART. Yes.

The CHAIRMAN. Suppose that the carpenters very much outnumber the stonecutters, and that the superintendent proposes to put down the wages of the carpenters and to put up the wages of the stonecutters. How long do you think that man would be left as superintendent of that department?

Mr. SMART. The man who is at the head of the department is not to be elected by the employés.

The CHAIRMAN. Who puts him in?

Mr. SMART. He is elected by the heads of the various departments—by the head of the carpenters' department, or head of the bricklayers' department, the head of the stonecutters' department, &c. They elect the man at the head of the building department.

The CHAIRMAN. And the subs will have nothing to do with the regulation of wages?

Mr. SMART. No, sir.

The CHAIRMAN. By whom are the subs to be elected?

Mr. SMART. I am only speaking of two or three degrees. I suppose the subs would be elected by the men.

The CHAIRMAN. Well, the men find that wages are going to be reduced in any one of these departments, and they will go around and say, "Look here, this is only the beginning of a general reduction; they have picked us out first, but it will come to all of you; you must stand by us."

Mr. SMART. But you leave out one important element in the question, which is, that no one can have an interest in reducing the wages. All are united in interest.

The CHAIRMAN. Then it does not make any difference how much a man gets; and what is the object of reducing or increasing wages?

Mr. SMART. I mean to say that the person who presides over a department, having no interest in reducing the wages of men, will not reduce them.

The CHAIRMAN. But the men who are working have an interest in the wages, and when this question of reduction comes up they will resist the reduction, and will go around and make combinations and say to the men in other departments, "Help us now, and when your turn comes we will help you."

Mr. SMART. Of course, that is a thing to be thought about, and I will not pretend to say that I can explain it.

Mr. RICE. Would not this be the answer: what matters it to the carpenter whether his wages are smaller or larger? He saves nothing; he can accumulate nothing?

Mr. SMART. I think that a carpenter or any other man would be naturally desirous of earning as much as he can.

Mr. RICE. Why? He cannot get any interest on his capital?

Mr. SMART. Undoubtedly he cannot, but he can save it.

Mr. RICE. What is it good for?

Mr. SMART. He can spend it.

Mr. RICE. Why not spend it as he goes along?

Mr. SMART. He may have an interest in saving. He may have the object of going to Europe next year; or he may have a sick boy, and he may say, "I want to relieve my boy from work altogether." He may want to pursue some study. He may wish to devote the first ten years of his life to labor, in order for the rest of his life to pursue his favorite study. Now, I want to propose that we reach this condition of things without any violence. We have got to reach it, and I propose that we shall try and devise some means by which we can effect a transition from now to then without too much disturbing the existing order of things, and without causing any injustice to anybody. That is what I come here for—to suggest a kind of legislation which I think will attain that object.

The CHAIRMAN. Have you got that kind of legislation mapped out?

Mr. SMART. Only in my own mind.

The CHAIRMAN. State it as concisely as you can.

Mr. SMART. I will reduce it to writing and send it by mail.

The CHAIRMAN. Please to do so.

Mr. SMART. I will. I think that we want to redistribute and employ the people who are thrown out of employment, and who are going to be more and more thrown out of employment, and also to redistribute the capital which is (in the same proportion)

thrown out of employment and is idle. We want to bring them together again in some way or another. I propose (what has been proposed by others, but in a different way) that colonies shall be established in the territories of the nation, and that Congress shall consider some way of recommending to the States, so that the States can organize colonies, borrowing from capitalists the capital necessary to start those colonies in operation. I do not mean a loan of money to the people, but to place them in co-operative societies. Co-operative State colonies are my remedy for the present evils, with the idea that the co-operative colonies in charge of the sister States will become co-operative States out in the West, and will come into the Union on the co-operative basis—the very basis that I and my friends, and our associate democrats in Germany, are trying to get the government of the nation established on. By drafting out our idle people and capital in that way we make them active; and, at all events, we are trying a tentative experiment—to employ capital profitably to capitalists, and to employ labor. These colonies will be very soon self-supporting, and will be able to pay the interest of the debt which the State has guaranteed on their behalf. The State should have control of its colonies until they are in a self-supporting condition, and, when they will be able to pay off their debt, then they can start on their own hook with their own wealth, and they will no longer have to pay anything to capitalists for the use of their capital. They will be themselves the capitalists. That is my proposition briefly stated.

And now I ask another thing: that some means shall be adopted, either by the nation or in some other way, for the appointment of a commission, not consisting of politicians (although I should like to see some of the gentlemen of this committee on such a commission), not consisting of statesmen simply, but consisting of representative men in every department of public industry, so that all the interests of society shall be represented upon it by the ablest men. That commission should sit permanently and take the whole subject of the social question into consideration.

The CHAIRMAN. This commission, of course, will study all the facts and try to arrive at the truth?

Mr. SMART. Yes.

The CHAIRMAN. You admit that this whole subject is in a very chaotic condition and is very little understood?

Mr. SMART. Yes.

The CHAIRMAN. In every country in the world there are very enlightened men in all ranks of society investigating this very subject. The results are being considered in a series of books very remarkable in their character and effecting an entire change in the literature of the day. I refer to the books written by Mr. Fawcett, Professors Cairns, Schultze Delitsch, and the new school of German economists, and of French economists. They are examining the whole field of manufactures and of co-operative associations themselves. Is there any commission that you can imagine that can be appointed in this country that could compare for one moment with these men, and with the accumulation of experience that is going on throughout the civilized globe on this very subject?

Mr. SMART. I think that it would be a valuable aid, and that such a commission would be better competent to deal with the subject than those men who, under the name of political economists, have been making it their special study.

The CHAIRMAN. Take Schultze Delitsch, who has spent his life doing this very thing which you have been describing, and who has worked out the problem in Germany, and has secured the passage of a law (itself a marvel of legislation) under which co-operation societies in Germany are working. If you are familiar with the results of his experience you must know that he has run against very serious difficulties. For example, breaches of trust have occurred in the last two or three years among the co-operative associations in a way that has caused great discord among them. He cannot get honest men in these associations. Now, when the world is groping in the dark, with men who are terribly in earnest trying to solve this social problem, how can you hope to accomplish in a day with a legislative commission more than this accumulated experience has been able to accomplish?

Mr. SMART. I think I can hope so, because this commission which I propose would be composed of persons of practical experience and knowledge in all the necessary branches. They would be co-ordinate by being brought in contact with each other. John Stuart Mill himself, with all his actual experience in those matters, when he came to deal with the relation between capital and labor, what did he know about them?

The CHAIRMAN. But he was one of the very earliest of men who arrived at the conclusion that if there ever was to be a solution of the difficulties between capital and labor it must be through co-operative agencies.

Mr. SMART. I grant that. We recognize the same thing, but we say that it cannot be done locally—that local co-operation is only a joint stock co-operation—that the Rochdale co-operation, for instance, is only a partnership. We say that it must be national, and that it must include all other co-operative societies.

The CHAIRMAN. But you must admit that the growth of such a state of things must be very slow.

Mr. SMART. Not at all; slavery was overthrown at a jump.

The CHAIRMAN. It was overthrown with a convulsion that has brought evils almost as great as slavery itself.

Mr. SMART. I do not think that the price which the nation paid for redeeming itself from that vile wrong was any too great. I do not think that it could have been too great if we had had to pay one hundred times as much.

The CHAIRMAN. But it would have been better to have paid for it in bonds and obligations instead of blood. At the same time, if it had been paid for in that way (judging by the opposition that we have had here to bondholders) the holders of those bonds would not have had a very good security.

Mr. SMART. No, sir; and, therefore, I believe that it is better for us to commence the work of effecting this transition so that the people may be, without confusion, able to adapt themselves to the new condition of things.

The CHAIRMAN. Here we have universal suffrage—for nobody proposes any restriction of it. The moment you can educate the community up to that state of things the majority will rise and establish it. But, until you have educated the community up to it, you cannot get the majority to do it. Take a farmer who, after thirty or forty years of hard labor, owns his own farm and is satisfied with its ownership, and if you propose to have him put that farm into the common stock along with some man beside him whose farm is unimproved he will tell you that he will not do it. What I say in this matter is that you have got to educate the community up to your standpoint; and when you have educated it up to that point, then you can accomplish the result through universal suffrage.

Mr. SMART. I grant that. That is exactly what interests me in this improvement. But this is a process of education, is it not? My being here is one element in it, and the work of this committee is one element in it. I say that the fact of the greenback movement having originated among the farmers out West is a proof that they are being educated very fast. When they understand that their farms are certainly passing out of their possession, do you not think that that is educating them to accept our ideas that the farms belong to the nation?

The CHAIRMAN. I am afraid that if you go to the West and propound that question you will find that they are not ready for it.

Mr. SMART. But they will be ready for it. I see that the capitalists are moving in the direction of co-operative colonies. The capitalists will go out West and establish large farms and take control of the agricultural interest in the same way as they have taken control of other interests. They will take hold of agriculture, and then what will become of the independent farmers?

The CHAIRMAN. You are only stating the tendency of all modern industry, which is concentration into few hands and under one management. The question in which we are interested is not in regard to management, because you propose a national management, but in regard to the distribution of the proceeds. Now, if by consolidation and by concentrated management the individual can get a larger share of the proceeds of industry than he can under the present isolated management, he is better off, is he not?

Mr. SMART. Yes.

The CHAIRMAN. Is the great mass of society getting a larger share of the proceeds of industry in this age than it got in previous ages? If that is shown to be the fact, the process of consolidation must be beneficial, and you may be right in saying that the consolidation of all interests in the hands of the government would be better yet.

Mr. SMART. Yes, sir.

The CHAIRMAN. But you have been objecting to the concentration of capital, and yet you want to concentrate it further.

Mr. SMART. I have not proposed that.

The CHAIRMAN. Some other witnesses have.

Mr. SMART. I am in favor of developing the monopolists. I have stated so publicly, and I have acted on that principle. I buy my groceries at the big stores. I want to destroy the middle classes. Let us destroy the middle classes, and the labor question will be solved.

The CHAIRMAN. But what if the middle classes are in the majority and will not be destroyed?

Mr. SMART. The destruction of the middle classes will take the lower classes out of their trouble.

The CHAIRMAN. But if the middle classes are in a majority, how will you get rid of them? Will you level them down, or level the others up?

Mr. SMART. Level them down.

The CHAIRMAN. Then you must level all classes down.

Mr. SMART. I want to reduce the number of monopolists.

The CHAIRMAN. I thought that you said just now that you wanted to develop monopolists?

Mr. SMART. Yes; but I want to decrease their number. Developing the principle of monopoly is decreasing the number of monopolists.

The CHAIRMAN. Is that not the old idea of the Turkish and Russian Governments—that the head of the nation is the master of the life of everybody in the nation? Is not that exactly the development that you are aiming at?

Mr. SMART. No, sir; far from it. There will be no paternal character to the government that we propose. Every man's industry will be under his own control; and the person who directs him will be responsible to him. Under that system every man will have his wages and his share of that to which he is fairly entitled of the earnings of the year, and there will be no accumulation of capital by the nation, except what is necessary to pay off any indebtedness incurred in making the change, and except what is necessary to pay the social expenses.

The CHAIRMAN. Then you must define capital to be something different from what I have supposed it to be. I supposed capital to be accumulated wealth.

Mr. SMART. I am using the definition of some political economist, whose name I cannot mention now. But this is my definition of capital: All wealth applied productively, used for the purpose of production and distribution.

The CHAIRMAN. Then a house once built is no longer capital?

Mr. SMART. Supposing the man to have built a house for himself to live in, it is no longer capital. But if he wants to make use of it as merchandise, and to rent it to another man and take rent for it, then it is capital.

The CHAIRMAN. Under your system would you be allowed to take your accumulated earnings and build a house?

Mr. SMART. Under our system I cannot imagine a man owning a house. He cannot own a house without owning the land, and I do not believe in the right of any man to own land.

The CHAIRMAN. If a man builds a house for himself would you allow him to rent it?

Mr. SMART. No, sir.

The CHAIRMAN. But if he does not occupy it himself, then it would stand idle?

Mr. SMART. The house would undoubtedly stand idle. The moment you allow a person to make use of any wealth that he possesses (even if it be the savings of a workman), that moment the man commences to be a predatory individual.

The CHAIRMAN. I think I understand your position. You have made it very clear. Is there anything that wish you to add?

Mr. SMART. No, sir.

VIEWS OF PROF. W. G. SUMNER, OF NEW HAVEN.

NEW YORK, *August* 22, 1878.

Mr. SUMNER appeared before the committee by invitation.

By the CHAIRMAN:

Question. Please to state your occupation.—Answer. I am professor of political and social science in Yale College.

Q. How long have you held that position?—A. I have been in that chair for six years.

Q. Of course, you have made the relations of capital and labor a study in the performance of your regular duties?—A. Yes, sir; that is my professional duty.

Q. Have you given any special attention to the condition of labor and of business generally at the present time in the United States?—A. That is within the range of my professional studies. I have studied it and given all the attention I could to it, and I have availed myself of all the means that I know of for forming ideas about it. I should like to say that the means of forming ideas about it on the part of professional economists are very meager and unsatisfactory. It is exceedingly difficult for any person, however well trained he may be, to embrace this whole subject of the causes of the present depression in the United States; and he would be a very bold man indeed who should claim that he had sounded the whole question. I am certainly not in that position before this committee. I should think that that question ought to be carefully considered in two different points of view. There has been very great industrial reaction over the whole world during the last five or six years, and the United States have, of course, participated in the general state of industry and commerce over the whole world. They have had their share of it. There have been other local and peculiar circumstances in the United States which should be considered by themselves as combining with and intensifying here the effects produced by general causes the world over. Now, I do not know any one in the world who has undertaken to study the whole question of the present commercial crisis over the world in all its bearings, or who has ventured to publish his opinion as to what the cause of this general depression may be, because I am sure that any professional economist would regard that

as a subject of enormous magnitude, and would be very timid about any of his conclusions in regard to it. I do not care to enter into that.

The CHAIRMAN. If a general underlying cause or set of causes can be determined, I understand you to say that their effect would be modified in the respective countries by local causes?

Mr. SUMNER. Yes, sir; I have tried to study and see what some of the general causes of this industrial reaction over the whole world may be. I will mention one or two of them in a very broad way in order to show what one's ideas of them would be. Within the last ten or fifteen years there has been a wonderful change in transportation and communication over the world. The Suez Canal and the Pacific Railroad, and the extension of telegraph cables all over the world, have produced nothing less than a revolution in commerce and industry. Large stocks of goods are no longer necessary to be kept on hand in any country when you can telegraph for new supplies from the other side of the world, and can get them within a short period—not as formerly when communications were slower and transportation much more difficult. That, I suppose, is one reason for the phenomenon which a great many people call over-production.

The CHAIRMAN. Your idea is that the world is now able to draw upon the accumulated stocks which it had before the introduction of the new agencies of transportation and communication.

Mr. SUMNER. Not exactly. For instance, when it was necessary to send a ship to Brazil with a letter to order some coffee, and when it was necessary to wait for the ship to come back with its supply of coffee, and you could not have the coffee in less than a month, it required a month's supply of coffee to be kept in the United States; but now anybody can communicate with Brazil in an indefinitely short space of time, and it requires but two weeks for a new stock of coffee to be brought forward, so that it is not necessary to keep on hand in this country more than two weeks' stock of coffee. So, too, in regard to the commerce between Great Britain and India. The opening of the Suez Canal and the laying down of telegraphic cables have made a complete revolution in the commerce between India and England; and the supplies of goods which were formerly warehoused (and the capital invested in them lying idle for the time being) do not need now to be nearly so large as formerly. That is an immense improvement, of course, because it is a saving in interest on a large amount of capital.

The CHAIRMAN. Would that account also for the glut of capital?

Mr. SUMNER. Yes; for the time being there may be a proportionate glut of capital on the market. That is just one idea as to what forces have been at work, particularly within the last ten years, starting trade through new currents, and bringing about new methods of business, the temporary consequences of which must, of course, be irksome until people have adjusted themselves to the new order of things.

The CHAIRMAN. What is your idea as to the duration of the causes you have just named?

Mr. SUMNER. It will adjust itself in a very few years; and the nation whose people are the most energetic and quickest in catching new ideas and developing them will lead off in obtaining the advantage. The English have profited by it very largely already, and we ought to.

The CHAIRMAN. I suppose that the time for adjustment would be affected by the fact that the first effect of a glut of capital or goods is to stop production, and the machinery is not set in motion until the demand begins to exceed the supply; that determines the time.

Mr. SUMNER. Quite so. There was an illustration of that in the matter of the Suez Canal. People were very much astonished to remark, after the Suez Canal was opened a short time, that it did not have anything like the business which it had at first. They were very much disappointed, and thought that it was going to be a failure; but there was some reason for that. Suppose that the stock of Indian goods on the European market was such as had been customary up to the time the canal was opened; now, the moment the canal is opened, people begin to bring goods from India which come right upon the top of the old stock which was on the market, and for the time being there is a glut and a crisis in the whole trade, so much so as to check and stop the new supply from coming through the canal. It did check business through the canal until these stocks were worked off and the thing began over again on a new basis, and with a regularity which is adjusted to the new times and to the new facilities for getting supplies from India.

The CHAIRMAN. As a matter of fact, has the business of the Suez Canal recovered itself since then and gone on increasing?

Mr. SUMNER. Quite so.

Mr. RICE. After the adjustment is reached, what then is the effect?

Mr. SUMNER. A great improvement in wealth and prosperity.

Mr. RICE. The new demands create a large field of supply?

Mr. SUMNER. Yes.

Mr. RICE. So that the depression is temporary?

Mr. SUMNER. Quite so; purely temporary. Shall I mention another suggestion in that same connection?

The CHAIRMAN. We wish you would do so, and do not feel at all constrained in regard to time. Our object is to go over the whole ground very thoroughly with you, in order to save the necessity of calling other witnesses on the same points.

Mr. SUMNER. I wish you would call the others. Some of them know more about it than I do.

The CHAIRMAN. Having got you, we propose to make the most of you.

Mr. SUMNER. There is one other point which is very interesting indeed—in regard to machinery. If you introduce machinery into any business, the first effect of it is to destroy capital always, and to displace labor, and to lock up circulating capital. That is the first effect of any single machine. It is the inevitable penalty which the human race has to pay for all the improvements that it makes. If anybody invents a new loom for weaving cotton cloth, a man who has old-fashioned looms which do not work as well and cannot compete with it has to sacrifice them. If a new railroad is built, the canals and stage-coach lines are ruined. That is what we have got to pay for our gains all the way along. Within the last quarter of a century there has been an immense introduction of machinery in all departments, chiefly in manufacturing. But machinery has reached into all sorts of other things besides. If you take the accumulated effects of the introduction of machinery in all the different departments of industry, you will find that all of them involve temporary loss and injury, as men reckon it; and I have been inclined to regard that as another possible factor in this world-wide reaction—a temporary set-back that comes from the accumulated effect of these machines, all of them invading different industries. Before any one of them has had time to exhaust its effects and to pass away, another one comes on top of that, and then another one crosses the track of it, and so on in endless combinations and accumulations. The effect of this again would be that the world would have to undergo its period of reaction and reverses, but it will follow (if the idea is correct) that the analogy would hold also farther on, and that the world was about to enter on a period of expanded wealth and prosperity and of increased comfort, of which probably we have no conception at this time.

Mr. RICE. Will that reach the manual laborers of the present time?

Mr. SUMNER. Yes; it will reach them and reach everybody, for the ultimate effect of machinery is to cheapen luxuries. That is all that it amounts to.

Mr. RICE. Does the poor man have more of those luxuries now than he had twenty-five years ago?

Mr. SUMNER. Unquestionably. Compare the condition of an agricultural laborer in any country now with what it was a century ago, or that of a man belonging to the operative classes. If you went into his house a century ago, you found that he lived in one or two rooms in a small, ill-ventilated, and unhealthy house, with no sanitary comforts or conveniences, no abundance of fuel, no good means of lighting the house, no good means of cooking his meals. But if you go into the house of a man of the same class to-day, you find that he has larger apartments, a larger number of rooms; that he has good and convenient furniture; has some supply of reading-matter; he has good clothes for himself, his wife, and children; his house at night is well lighted; his fuel cheap and abundant. And so on with all the comforts of life. And that is the only thing you can ever measure prosperity by—the good things that a man has to enjoy. The effect of all the machinery invented during the last century has been simply to cheapen these luxuries and to bring them within the reach of the poorest classes of people.

Mr. RICE. What is the effect of machinery on those laborers whom for the time being it turns out of employment?

Mr. SUMNER. For the time being they suffer, of course, a loss of income and a loss of comfort. There are plenty of people in the United States to-day whose fathers were displaced from their labor in some of the old countries by the introduction of machinery, and who suffered very great poverty, and who were forced to emigrate to this country by the pressure of necessity, poverty, and famine. When they came to this country they entered on a new soil and a new system of industry, and their children to-day may look back on the temporary distress through which their parents went as a great family blessing.

Mr. RICE. But the fathers had to suffer from it?

Mr. SUMNER. They had to suffer from it.

Mr. RICE. Is there any way to help it?

Mr. SUMNER. Not at all. There is no way on this earth to help it. The only way is to meet it bravely, go ahead, make the best of circumstances: and if you cannot go on in the way you were going, try another way, and still another, until you work yourself out as an individual.

The CHAIRMAN. Your idea is that the introduction of machinery has improved the condition of a great many people, although individuals have had hard times in the transition?

Mr. SUMNER. Individuals and classes have had to go through it. What is the reason anybody ever came to America originally? A few came because they had some religious ideas which they wanted to carry out, but they were an insignificant part of the migration to America. The people who came to America came because they were uncomfortable in the old countries, because there was distress and pressure upon them, because they were mostly at the bottom and worst off, and the chance for them was to get to a new soil where it would be easier to get a living and to struggle forward. That is what they all came to this country for. They never abandoned their old homes because they liked to do so. They disliked it very much.

Mr. RICE. Then the pressure of necessity is one of the prime elements in the progress and civilization of mankind?

Mr. SUMNER. Yes; we have been forced to progress, and that is the reason why we have made it.

Mr. RICE. The poor laborers of America who came from Ireland; how did it happen that they came here, and what has been the result?

Mr. SUMNER. They never came until they were starving at home. The population of Ireland in 1840 was about eight millions. They were told often enough by people who wrote books that they were going to have a great famine in Ireland, that they were depending upon the potato food, and that if the potato food ever failed them (it being cheaper than wheat food) they would not be able to buy wheat food, and that they would have a great famine and would perish. In 1846–'47 the famine came, and it was then, after thousands of people had perished a most miserable death, that others began to go away, and the population of Ireland fell to about five or six millions.

Mr. RICE. Is the condition of the poorest who came here from Ireland better than it was there?

Mr. SUMNER. Yes; there is no comparison to be made at all on that point. I think you can safely ask the first Irishman you meet how the fact is in his case, and he will tell you so.

The CHAIRMAN. And how did the emigration affect Ireland itself as to leaving it in a better or worse condition?

Mr. SUMNER. It affected it for the better. Ireland to-day is in a prosperous condition. They have been forced, of course, also to undertake new development of industry, cattle-raising, for instance, dairy farming, &c., instead of having the whole island divided up into little potato patches. The result of it has been the introduction of the best industrial system, and, of course, with the reduction of population, those who are left have been able to do better. All the information that I get in English documents goes to show that Ireland is vastly improved in its economic condition.

The CHAIRMAN. Besides the famine, has there not been an improved legislation in reference to land tenure in Ireland?

Mr. SUMNER. Yes.

The CHAIRMAN. And that, of course, has had its effect.

Mr. SUMNER. The famine, of course, forced attention to the bad condition of legislation.

The CHAIRMAN. To the unscientific condition of land-holding there; and Parliament took it in hand and modified the land tenure?

Mr. SUMNER. Yes, sir; the English legislation has been apparently controlled by the desire to do right, and to remove grievances where they existed.

The CHAIRMAN. In that new legislation the old idea of vested rights in the land (due to the past legislation) was disregarded, and new elements were introduced. The government took the land and dealt with it as it thought best for the interests of the people.

Mr. SUMNER. I should not say that.

The CHAIRMAN. How far did Parliament go in that direction?

Mr. SUMNER. Simply so far as to guarantee the tenant the return of all the capital which he had invested in the land.

The CHAIRMAN. But how far did the incumbered-estates bill touch the question of title?

Mr. SUMNER. The incumbered-estates bill simply allowed people who had entailed estates which were covered with mortgages, which estates they could not sell, and were merely the nominal owners of, to liquidate and wind up their estates.

The CHAIRMAN. It cut off the entail absolutely?

Mr. SUMNER. Yes, sir.

The CHAIRMAN. In other words, Parliament took it in hand and cut off what had grown to be an abuse?

Mr. SUMNER. The owners of estates that were under entail were the most benefited by the law. The men who were the nominal owners of great estates, but which were mortgaged for their full value, were the men most benefited by the law which enabled them to get rid of the entail, and to sell their estates.

The CHAIRMAN. In your judgment there may be evils which are due to bad legis-

lation, or to legislation which has become unsuitable owing to the growth and progress of things, and which can be repaired by better legislation or by the repeal of existing legislation that no longer suits the existing condition of society.

Mr. SUMNER. There is much of that kind of legislation. With regard to the general causes of this reaction all over the world, there is just one thing further that I would say. There was the Franco-Prussian war of 1871. The Franco-Prussian war, of course, turned vast numbers of people in Germany and France away from productive industries and set them to destroying. In the mean time the English got a large part of the trade and industries which those nations ought to have been carrying on. The consequence was, in the first place, that England in 1870, 1871, and 1872 had a period of the very highest prosperity. The London Economist during that period used to speak of it week by week as something entirely unexampled—the period of prosperity that they were going through. In regard to Germany, she got her thousand million dollars of indemnity from France when the war was over, and had to find out some way to dispose of it. She found that she could not dispose of it without producing a period of speculation and inflation, and Germany went through a grand kite-flying period until the crisis of 1873 came, and she has had a period of distress since then, perhaps worse than that of any other country. In France, on the other hand, when the war was over, and France was beaten, and had all this money to pay, the French people were forced to economy, they were forced to self-denial, partly by heavy taxation, and were prevented from entering into any kite-flying at all, and France, therefore, has never had that period of inflation which these other countries went through about that time.

The CHAIRMAN. Nevertheless, I suppose that France has had a period of suffering.

Mr. SUMNER. The French do not complain. There never has been any declaration of trouble in France, except in May, 1877, when they had a political crisis there, and when McMahon dissolved the Assembly.

The CHAIRMAN. Are you aware that a commission of the French House of Peers has been sitting for the last six months on the question of how to prevent distress in France, and has just made its final report?

Mr. SUMNER. Yes; and that commission was started at the time this political difficulty was on, and, as I understood it, was started for a political purpose.

The CHAIRMAN. Have you seen its report?

Mr. SUMNER. I have not.

The CHAIRMAN. I have just received a copy of it, and it does not confirm your view of the fact. It recites very great distress through all the manufacturing region of France, and especially in the silk industry. While there was no era of speculation there, there has been an era of very great distress among the working people of France since the period of the German war and up to the present time.

Mr. SUMNER. That, of course, I will not dispute with you.

The CHAIRMAN. I do not want to contradict your statements, but we want to get at facts. I was in France last year for two months, making pretty careful examination into the causes of distress, and I found out that industries in France were depressed, not so much as in Germany, but very seriously depressed, and, on the whole, I thought quite as much as in England.

Mr. SUMNER. France has had a commission also sitting for the revision of the treaty of commerce with England; and when a committee is in session that is considering the question of tariff you can always depend upon having a crop of complaints about depression in business. Now that you speak of it, I was aware that the manufacturers of France had come before that commission and had made very doleful complaints indeed; but I discount such complaints.

The CHAIRMAN. As to the iron business, its condition in France is exactly the same as it is in England and in Germany and in this country. There is a very much reduced demand for iron, and a very great lack of employment among the persons engaged in that business. There are no profits to be made out of it, and iron-works are carried on at a loss. Therefore the representatives of iron manufacturers, as to that trade, had nothing to do with the revision of the tariff. The same thing is also true in England, where the tariff question is not up at all.

Mr. SUMNER. I understand so. Indeed, I was going to refer to that as an illustration in the line of thought that I am now pursuing. During this period of prosperity in England capital was being very largely accumulated there—very rapidly accumulated. It was a subject of common remark that capital was being accumulated so rapidly that one consequence was that capitalists went lending their money to all the doubtful countries all over the world; and they met an immense loss in that way. Another consequence was that English capital was employed in building railroads and gas-works and water-works and public improvements of every kind in South America, Australia, and India. In those countries, and indeed all over the world, there was a vast extension of investment of English capital. Now, whenever we have in our day an extension of industries and new enterprises opening on every side, it is obvious that all these enterprises come back to a demand for coal and iron. The English market was the chief one, of

course, on which that new demand was precipitated, and the only way that England could meet it was by working its mines deeper in the earth or by working inferior mines which, up to that time, had been neglected. The consequence of that was a sudden and very extraordinary advance in the prices of coal and iron in 1872. Now, when the prices of coal and iron advance, then there comes another consequence, and that is, that those enterprises which have been projected and begun cannot be any longer carried on when coal and iron cost so much more. It cut them off and made a great many of them unprofitable. It made a great many which had been begun impossible, and it produced a reaction which was felt, particularly in England. I throw that out again only as another suggestion of one of the great movements which have been going on, and which, perhaps, may explain the state of things the world over. I should like to say there (before I get beyond it) that if the United States had been free in its commerce and industry in 1872, when that advance of coal and iron took place, they might have entered into the coal and iron trade of the world.

The CHAIRMAN. You mean that we might have competed with Great Britain?

Mr. SUMNER. Yes. Take a map of the world and look at the British Isles and see the coal and iron mines of those islands that have been supplying the world for centuries. They are now being exhausted or are running low; and if you ask yourself where on earth is the next great supply of coal and iron to be found, you will have to put your finger on Pennsylvania.

The CHAIRMAN. Inasmuch as you had all this era of great expansion and demand for coal and iron, the United States were not able to get up to its own supply and never imported so largely of iron from England, how could the United States have entered into competition with Great Britain?

Mr. SUMNER. If the United States had been on a free basis, we could have made iron so much more cheaply here than anywhere else and could bring coal to the seaboard so much more cheaply, then we would have seen the labor of the United States turning into that channel and the trade running the other way.

The CHAIRMAN. The United States did turn in and double its production of coal and iron in that era, and still it was unable to supply its local demands; and, inasmuch as there was an enormous profit in it, there could not have been any more turned into it than there was.

Mr. SUMNER. It went on until the reaction came the next year.

The CHAIRMAN. But the reaction came, you say, because these enterprises collapsed. That, of course, would have affected us just as much as it affected Great Britain.

Mr. SUMNER. You would not have had any collapse or set-back in coal or iron if, instead of going deeper into the English mines and seeking a more expensive source of supply, you had been able to turn naturally and easily to the next great supply of coal and iron, Pennsylvania.

The CHAIRMAN. But you are aware that it takes time to build iron-works and to get them in operation and to get the product into the market.

Mr. SUMNER. Very likely.

The CHAIRMAN. And during that time speculation advanced, prices rose very rapidly, and the collapse followed. As a matter of fact, the great increase of iron-works in the United States in the period of 1872–'73 did not get into operation until after the collapse came, and then the owners were all ruined.

Mr. SUMNER. Yes.

The CHAIRMAN. Under that state of things I do not see that your proposition is sound—that the United States could have gone into the markets of the world at that time in competition with Great Britain in coal and iron.

Mr. SUMNER. If the United States had been on a free basis before 1872, that demand would not have been precipitated all at once; but, in proportion as the old supply of coal and iron ran lower, and the product got dearer, the consumers of coal and iron would have turned to their next resource and their best resource, and the trade in this country would have developed itself in a natural, normal, and steady way. It is quite possible that we might have exported a great amount of iron ore from this country.

The CHAIRMAN. Do you not know that we are importers of iron ore and not exporters?

Mr. SUMNER. Very likely we are the importers of particular kinds of ore that are needed for particular kinds of manufacture.

The CHAIRMAN. Do you not know that the ore which we could export as being near to the seaboard is not the ore that is wanted in the world?

Mr. SUMNER. Perhaps that is so.

The CHAIRMAN. The kind of ore that the world wants is the ore produced on Lake Superior.

Mr. SUMNER. It is simply a question of transportation. A man who wants iron can get it by going deeper in the mines of Great Britain, or he can get it on the surface by going to Lake Superior for it and transporting it to the seaboard. It is a simple business question for himself to settle where he can get it cheapest.

The CHAIRMAN. But as a matter of fact the iron can still be produced in Great Britain at less cost of labor than in the United States. How, then, can the United States compete with Great Britain?

Mr. SUMNER. The cost of a day's labor has nothing to do with it.

The CHAIRMAN. What does determine the cost of iron?

Mr. SUMNER. All sorts of figures enter into the cost of iron. You cannot measure it at one place against another by so many days' labor on this side and so many days' labor on that side.

The CHAIRMAN. If the English produce a ton of pig-iron with less days' labor than we do, and if their capital is cheaper than ours, how can we sell pig-iron in competition with them?

Mr. SUMNER. It does not follow that you could not. You may have any number of facilities other than the mere consideration of labor entering into the question. It is very true that the case in point is one where labor is a very large element.

The CHAIRMAN. I only know two elements that enter into the production of pig-iron, and they are labor and capital. Suppose that in the United States a thousand men produce a thousand tons of pig-iron in a given time, and that in England a thousand men produce fifteen hundred tons of pig-iron in a given time, and suppose that in England capital pays only 5 per cent. and here pays 7 or 8 per cent., would not the English be able to undersell us in the markets of the world, assuming transportation to be equally cheap?

Mr. SUMNER. Not even then, although allow me to say that when I differed from you before I did not understand you; and when you attempt to reduce efficiency of labor to a factor of days' labor, and to estimate it as so many days' labor, I cannot do that.

The CHAIRMAN. I mean efficiency of labor when I say number of days' labor.

Mr. SUMNER. I know you do, and I say that you cannot reduce efficiency of labor to so many days' labor. I should object to it simply as a form of statement; but that is not important. What I was going to say in answer to your question is this: It is very possible indeed that, in the international exchanges, if you got your iron and sold it—say in the South American market—and took certain goods back for it, you could carry on the production of iron in the United States in fair competition in that market with those Englishmen who produce iron with less days' labor and with lower capital.

The CHAIRMAN. I confess that I am unable to see it. I find a law of nature against me.

Mr. SUMNER. Excuse me. You never have had a chance to do it, because the laws of this country have never allowed you to try, and I hope you will keep pegging away in Congress until you get those laws changed so as to have a fair chance.

The CHAIRMAN. I have been pegging away to accomplish that end, but I do not see how it is going to be done. The difficulty is that Great Britain can produce her iron with a less amount of labor in a given time than we can do it, because the best we can ever hope for would be to get our labor down to the same cost as in England, measured by the amount of work done.

Mr. SUMNER. Then, if you cannot, you ought not to invest your capital in iron-works, but to do something else which would pay better. But it is by no means possible for you to reason it out, and to infer in that way that you cannot do it. It would be a thing to be tried, and then if you found you could not do it, you would take your capital into something else that would pay better. But that is so extensive a question that it is better not to go into it.

The CHAIRMAN. It is very complex and difficult.

Mr. RICE. You said that, in great enterprises, we always come to the demand for iron and coal at last. Would it not be a very great disadvantage for this country to be shut out of one of those large fields of labor?

Mr. SUMNER. It cannot be shut out.

Mr. RICE. You say, if we cannot produce iron in competition with Great Britain, let those who are employed in that business go to work at something else?

Mr. SUMNER. Certainly, and buy the iron. It is simply a thing to be let alone. If a man can make a thing for himself better than he can get it by producing something else and exchanging that, of course he makes it himself; but if he finds that, by confining all his efforts to one object, he can exchange his own produce for what he wants and have a surplus besides, then he sticks to his own line of business.

The CHAIRMAN. Is not that what is going on largely in this country now? Are we not actually being driven to the production of cereals because that is the cheapest product and is the best outlet for capital?

Mr. SUMNER. Certainly; because a man in the United States (looking at him simply as a laboring animal) looks around him for the thing which his labor can be made to produce best. He has got under his foot the best soil in the world, perhaps, for the production of cotton and wheat, to say nothing of other products like tobacco and petroleum. Now, if he produces wheat, and if he exchanges his wheat for other things with those people who make the other things and who cannot produce wheat them-

selves in competition with him, he obtains his maximum of good things to enjoy by turning his labor in that direction.

The CHAIRMAN. Carry that out to its logical result, and what we term diversification of industry would certainly be very much restricted.

Mr. SUMNER. It would simply adjust itself. If the people of the United States can get more iron and copper and wool, and all other good things that they enjoy by producing nothing but wheat, of course they would all run right into the production of wheat. If at any time they found that the amount of labor which it took to produce the wheat to pay for iron could be made (by turning it directly on iron) to produce more iron, they would turn into that and diversify. I can see no escape from that law.

The CHAIRMAN. What compensation would the laborer have for the inevitable reduction in the rate of wages which he had been in the habit of receiving?

Mr. SUMNER. The United States now have but twelve persons to the square mile. As the time goes on, and more people come here and live here, and as the population runs up to twenty-five or fifty or a hundred persons to the square mile, people then will not have as good times here as they have now. Our children and grandchildren cannot have as good chances when they come to live in a thickly-populated country as we are having now.

The CHAIRMAN. Has the laborer of the United States any better times than the laborer in England?

Mr. SUMNER. Unquestionably.

The CHAIRMAN. At present?

Mr. SUMNER. There can be no possible question about that.

The CHAIRMAN. That is not according to my personal observation. Is the laboring class in this country to-day having as good a time and as good a subsistence as the corresponding class in England?

Mr. SUMNER. No, I do not think they all are; but if you will ask me that question by and by, I will answer it in another connection. When we know that there are only twelve persons to the square mile in a country which is rich and fertile and abundant in all the natural sources and things that men want to enjoy, it is perfectly absurd on the face of it to say that this country is in distress. If it is, there must be some artificial hinderance and wrong. If there are only twelve persons to the square mile, what have they got to do but to go to work and get food out of the land? In Belgium they support 460 persons to the square mile, and have a considerably high degree of prosperity.

The CHAIRMAN. You know the food of a Belgian laborer?

Mr. SUMNER. Of the lowest class of laborers? I was careful to say the average class.

The CHAIRMAN. Take the mining class in Belgium, a very good class of laborers, and how do they live?

Mr. SUMNER. They live very poorly.

The CHAIRMAN. So wretchedly, that I suppose it would produce revolution here.

Mr. SUMNER. I do not know what good revolution would do either in Belgium or this country.

The CHAIRMAN. In Belgium last year a revolution was started and the soldiers went and shot the laborers down.

Mr. SUMNER. That was foolish, and it is generally a pity to see people take that course. If the people are living very wretchedly there, thay have one of two things to do, either to find some way to make their labor more productive or to get out on new land. Men can stay at home and kill somebody, but that does not better things at all. You must either find some way to make your labor more efficient than it is where you are, or you must go on new soil where the same labor will be more productive.

The CHAIRMAN. You said just now that we had a sparse population on a very productive soil, and therefore that if there is distress here there must be some artificial causes for it. Do you admit that there is what you call distress among the laboring classes of this country?

Mr. SUMNER. No, sir; I do not admit any such thing. I cannot get any evidence of it. There is only one single fact before the public, so far as I know (and I have been looking for facts), with reference to the number of unemployed persons, and that is the report of Mr. Wright, of Massachusetts, in which he puts down the number of unemployed persons in that State as 28,000, men and women (21,000 men). Whatever may be said in the way of using figures one way or the other, I do not know practically of any evidence that is before the people of the United States to-day except that statement. That statement was carefully made by a trained man who understands his business in that line, and who took all the care he could to collect the data which are given to us. Now the State of Massachusetts is perhaps quite as badly off as any State in the Union, perhaps worse off. When you go into the agricultural communities you find that they are not in any such condition at all. If there is any State

worse off than Massachusetts it is Pennsylvania, on account of the coal and iron depression, and I should not wonder if they were worse off there. But there is another thing. A vast number of these people have, of course, family connections, and those people who are supposed to be unemployed are not in a condition bordering either upon starvation or crime. They do not take to the road as tramps, they do not beg, and they do not steal; that is, they do not beg publicly. The chief centers of distress, I should think, from any observation, were the large cities. In all the large cities there are vast numbers of persons who have no regular and steady means of support, who live by irregular occupations and in nondescript ways. These people do not like to leave the cities; they will not leave the cities. In times of slack industry and commerce, of course they find it harder to get a living than at other times; and I suppose that there are in all our cities great numbers of these persons. Furthermore, I should say that this kind of distress where it exists is a great deal deeper and more widespread among clerks, salesmen, bookkeepers, office men, and all that range of occupations than among any other class.

The CHAIRMAN. What was the effect of the speculative era through which we have passed in attracting to the centers of business persons who were previously engaged in rural occupations?

Mr. SUMNER. That is what I want to come to. You will remember that I started first to give some notions as to what might help to explain the world-wide reaction, and I referred to the peculiar and local causes in this country. The local causes of depression in this country, I should say, all date from the war. Fifteen years ago we spent four years in destroying and wasting capital, and we turned hundreds of thousands, millions of men, perhaps, out of the walks of industry and set them to work at destroying; and the Southern States, which were attempting secession, were reduced pretty nearly to a wilderness. All the capital there, fixed and movable, was destroyed. I suppose that no country in modern times has been reduced to such an utter devastation in regard to capital as the Southern States were. During all that period of destruction the people of the North did not feel any particular distress from the war in their business or industry. It would be easy to go back to files of the newspapers of that day and to show how people attempted to reason it out in this way: that we had discovered some grand new system by which we could make war and destroy property and still get rich, because things were going on prosperously and men were working on contracts for the government (to make things for the Army to destroy), and it was believed that in some way or other we were positively getting rich.

The CHAIRMAN. That was the time when the national debt was found out to be a national blessing.

Mr. SUMNER. Of course; what we were doing was issuing our notes for everything that was destroyed. It was the shifting off the actual sufferings of the war to the future. But the consequence had to come some time. We could not have that destruction of capital and property and that waste of life and industry without feeling it some time or other in self-denial. The people had got to live poorer and to work harder in order to make up for all that waste. I do not see how it can be stated more simply or clearly than it is right on the face of it, that when a nation goes to war it brings on itself burdens, self-denial, waste, misery. That is what war is, and you have got to shoulder the burden in the shape of self-denial. You have got to work and produce the thing, and then not enjoy it, but have it lost. We never underwent that suffering from the war at the time of the war; and we did not afterward until 1873. This distress through which we are now going, this reaction of industry, this crisis in commerce, is the burden and suffering of the war which we had not up to this time taken on our shoulders.

The CHAIRMAN. Eighteen hundred and sixty-seven was a period of very inactive business and very low prices. Things had got down, and there was great suffering in many branches of industry. The speculative era followed 1867, but did not begin to show itself in fact until 1869.

Mr. SUMNER. Yes; during the war we were paying out these notes. The government, when it took a barrel of flour to feed its soldiers, issued a ten-dollar promise to pay for it, promising that some time or other it would collect its taxes and pay the man who produced the barrel of flour. The people believed that when the war was over they were going to shoulder the burden and to pay up, and to call in those evidences of indebtedness which had been issued. When the war was over, the first measures that Congress took were in that direction—measures looking to the liquidation of the outstanding floating obligations of the government. During the year 1867 all about where I live, and where I had an opportunity of observing it, people were adjusting their business to that necessity, and were preparing for it. They took in sail, so to speak, and got ready all around, to go through the necessary period of endurance and self-denial. And they went on for about a year, until Congress, in February, 1868, turned back upon its tracks, and said that it would not go on in that way any longer, and postponed the payment of the debt to some other time.

The CHAIRMAN. "To a convenient season."

Mr. SUMNER. Yes; which we have not yet reached. Then we went off on a kite-flying period.

The CHAIRMAN. The reaction from that legislation was a speculative era?

Mr. SUMNER. Yes; it started on after that period. I know men who have said, "Why, in 1867 I thought that we were going to pay up, and I settled my business and property accordingly. I had building materials on hand, but I thought I would not build until that was over, and I let my capital lie idle till the next year, and then I found out that I had been a great fool in letting my capital lie idle, and afterwards I went to work immediately and began to expend my capital." In 1868, and from that time people went on, and it has been the hardest work in the world to persuade anybody that they ever ought to take the back-track until the panic overtook them, and they had to do so.

The CHAIRMAN. Was the suffering, which was inevitable as the result of the destruction of property during the war, intensified by this departure from the policy of paying the debt? Was it intensified by the speculative era, or was it made less?

Mr. SUMNER. It must have been vastly intensified.

The CHAIRMAN. In other words, could we have arrived at a sound basis at that time with much less calamity and suffering than we have been subjected to since?

Mr. SUMNER. Infinitely less. Indeed we have gone through all the suffering and have not settled up the debt yet. We have gone through all the misery of retiring this irredeemable paper and have not yet done it.

The CHAIRMAN. Have we in fact retired any more than we had retired in 1868?

Mr. SUMNER. Very little.

Mr. THOMPSON. You say that when Congress doubled on its track in 1868, that fact originated the speculative era. Did I understand you correctly?

Mr. SUMNER. Yes.

Mr. THOMPSON. Now, how could Congress, by simply continuing the condition of affairs as they existed previously to 1867, have produced that effect, which the same condition of affairs did not have before 1867?

Mr. SUMNER. Because Congress simply turned around and changed its policy. The policy for seventeen or eighteen months had been to pay the non-interest-bearing debt, and to retire the obligations of it; and everybody in the country who knew that that was the policy of the government adjusted his affairs accordingly. He knew that there must be a period of restraint and self-denial and endurance in order to pay up. But when Congress reversed that policy and said that it was not going to pay up any more, and that it had no policy at all in regard to the matter, then everybody was free to enter into speculation and inflation.

Mr. THOMPSON. From the close of the war in 1865 up to 1867, why did not the same policy induce this speculative era?

Mr. SUMNER. Because the people of the country were satisfied that that must be the course of things. This action of Congress was taken as soon as the obligations of the war could be collected and liquidated and reduced to shape so that the government might know what it had got to pay. Then Congress went to work immediately to manage it and fund the debt in a permanent form.

Mr. THOMPSON. In other words, the people were anticipating the action of Congress in 1867?

Mr. SUMNER. I think so. I think that that was the universal sense and feeling of the people. I do not know of any documentary evidence one way or the other in regard to that. Now, the effect of this vast amount of paper circulating as currency was, necessarily, to produce an era of speculation. When everything was advancing in price, the great way to get rich was to buy something, hold it a little while, and sell it again, and keep all the time pocketing the differences; and this naturally forced the trade of the country into that form. The redundant currency, of course, became the basis to expand bank loans and discounts; and these again became the basis for a large superstructure of bonds and mortgages and all other forms of credit, and everybody got into debt, because the only way to get rich was to get into debt.

The CHAIRMAN. It was a rising market, and everybody who bought anything was sure of selling it at a profit?

Mr. SUMNER. Yes; and if a man could borrow $100,000 to get possession of some commodities and hold them for a little while and sell them for $105,000, he pocketed the $5,000 profit; and, of course, if he could borrow $200,000, he pocketed $10,000 profit, and so on.

The CHAIRMAN. Did it actually act in that way?

Mr. SUMNER. Yes.

The CHAIRMAN. What brought it to an end?

Mr. SUMNER. Of course it had to come to an end. A piece of land may be bought at $1,000 and it may go to $5,000, $10,000, $50,000, or $100,000, but it has got to stop somewhere, and I think it is within the experience and observation of everybody that this whole period was one in which credit was steadily inflated and expanded to the very last limits possible, so that everybody was in debt.

The CHAIRMAN. Were not the indications made very clear by the steady rise in the rate of interest until the rate of interest got so high that nobody could pay it; and then the collapse came?

Mr. SUMNER. Precisely. That is precisely the indicator that showed the movement. The rate of interest advanced steadily until 1870; and, in 1870, all the loose capital of the country began to flow into the great money centers, particularly New York. Money was very easy in 1870. Then it began to get dearer and dearer. In 1871, 1872, and 1873, until 1874, all the loanable capital of the country which could be used here was absorbed and swallowed up; and then, once more, the rate of interest ran to a point which could not be endured, and there was no further supply to draw upon, and then we came to the breakdown.

The CHAIRMAN. And where a breakdown occurs it usually begins by some great banking-house collapsing?

Mr. SUMNER. Yes, sir; and you cannot tell where it is coming from. We used to think that over in 1872-'73. I often discussed it with gentlemen, more or less occupied in studying this subject. We were satisfied that there was going to be a smash some time, and the question would be where would it come from, and what would be the particular form in which it would break out. When it comes it must come in some definite form. It has a specific entry. That was a very difficult question. I think the general feeling was that it must come from the exaggerated railroad building, or something in that connection; but I do not know anybody who predicted very definitely what the exact form of the outbreak would be. Now, if we were in a period of inflation, and if there had to come after that period the collapse, we do not need to go very much farther to know what the matter is with us. There is where we are. We have collapsed, and have not yet got up again. I think that if anybody thinks that we are going to get up again to the old kite-flying he is mistaken, and that he had better dismiss that idea.

Mr. RICE. Might not the homœopathic remedy of "like cures like" be applied? Might not a little more money now give a little more inflation, and would that not be some improvement to business to-day?

Mr. SUMNER. Like would cure like in this way: If you go on to inflate some more, and some more, and so on until you burst up the whole thing, it might cure itself in that way by our going through a national bankruptcy.

The CHAIRMAN. But, can you avoid, by any process, the inevitable result?

Mr. SUMNER. In no way in the world. We can postpone it, but if we do it will be so much heavier when it comes again, and it will have to be paid with interest. It must be met some time; and, the longer it is put off, the more likely it is to end in bankruptcy.

Mr. RICE. Would repudiation or national bankruptcy be anything but a payment, only in a different way?

Mr. SUMNER. It would only be a payment that would fall with frightful inequality.

The CHAIRMAN. Who would suffer most from such a state of things?

Mr. SUMNER. The non-capitalists.

The CHAIRMAN. Explain how.

Mr. RICE. Assuming that we are going to pay a debt by not paying.

The CHAIRMAN. Yes; by repudiation. What would be the effect?

Mr. SUMNER. You mean by going through continual inflation until the whole thing bursts up in national bankruptcy.

Mr. RICE. Whenever it comes, and the debt is wiped out (by repudiation or bankruptcy), what would be the effect?

Mr. SUMNER. The effect would be, in the first place, that the capital that could be moved would be all moved out of the country. That is, that everybody who had anything would try to save it. That withdrawal of capital, in the next place, would cause a diminution of wages and a reduction in the employment of labor throughout the whole country. That would go on until there was not any more capital exportable. When we get so far as that, the laboring class (I do not like to use that term, but I mean the non-capitalist class) would find that the chances of accumulating something out of wages were totally destroyed.

Mr. RICE. Would they have any work to do for wages?

Mr. SUMNER. Nothing but the very minimum to keep up the absolute necessities of the community. The community, of course, would have to go on. We should need to have our three meals a day, I suppose, even though they might consist of bacon and hominy; and somebody would have to get them ready. There would have to be some service performed, and I suppose some wages would be paid.

Mr. RICE. Consider in that connection what would be the effect of retiring this debt, not by that form, but by the issue of inconvertible currency by the government in payment of the bonds.

Mr. SUMNER. There is no such thing conceivable; I cannot imagine how any such thing could possibly take place.

Mr. RICE. You have heard of such a proposition?

Mr. SUMNER. I have heard some people talk such things; but if I had a thousand-dollar bond, and if there was notice published that I should bring it to the Treasury and get a thousand-dollar greenback for it, I would save myself the trouble by just locking up the bond.

The CHAIRMAN. But, suppose you owed that thousand dollars to somebody, you could pay it off with the thousand-dollar greenback.

Mr. SUMNER. Yes, sir,

The CHAIRMAN. There are some people in debt; would they not be willing to take in their bonds and get greenbacks for them?

Mr. SUMNER. What would they gain by it?

The CHAIRMAN. They would be able to pay their debts.

Mr. SUMNER. If I owe a thousand dollars and have a thousand-dollar bond, I can pay the debt with it.

The CHAIRMAN. But, finding that that process was going to be carried out, the holders of the bonds would be very desirous to get rid of them, and to get money to pay their debts or to buy property. The man who has a thousand-dollar bond would take a thousand-dollar greenback for it, and pay his debt.

Mr. SUMNER. I do not see how he would make anything at all by it.

The CHAIRMAN. If he paid his debt and had tangible property left he would make something by it.

Mr. SUMNER. But he would have had that property left before.

The CHAIRMAN. Suppose he has property mortgaged for $5,000, which is all that he can sell it for; and then suppose this proposition is made to retire bonds by the issue of new greenbacks—legal-tenders. Another man has $5,000 in bonds and the man whose farm is mortgaged says to him, "Let me have your bonds, and I will go and get greenbacks for them and pay my debt, and I will give you half of my farm and keep the other half myself." A bondholder, finding that his bond is worthless, says to himself, "I had better have half that man's farm than have nothing." Would not that be, in your belief, one of the effects of such legislation?

Mr. SUMNER. I cannot deny that it might be done in that way, perhaps, in individual cases. As for any widespread movement of that kind I cannot conceive of it at all, because, in the first place, it is necessary for your hypothesis to imagine that the price of that farm must advance over $5,000, which is done when you talk about taking one-half of it. The value of the farm is raised to $10,000.

The CHAIRMAN. But my point is this: You and I agree that the bonds would be worthless the moment they were to be paid in that way, and we would try to save ourselves. But, if I find a man who says he will give me half of his farm for my bond, I will sell my bond and take half of the farm.

Mr. SUMNER. You would not get my bond for that purpose.

The CHAIRMAN. What would you do with yours?

Mr. SUMNER. I would lock mine up in my desk, because I would know that before such a state of things had been running six months there would be one universal howl over the whole country to have that law repealed, and I would wait for its repeal. The idea is wild and preposterous; and I cannot conceive any practical way of getting at it at all. If anybody should try it I would wait and see what the result was. And when he tried it a little while I should be sure that he would convert all the public to the other side.

The CHAIRMAN. But you are aware that national and State debts have been repudiated, and have not been paid?

Mr. SUMNER. Certainly.

The CHAIRMAN. And that the man who had the advantage of foreknowledge, and sold his bond and got the farm for it, had the farm instead of nothing?

Mr. SUMNER. You can repudiate a debt, but we are talking about trying to pay it off in greenbacks.

The CHAIRMAN. You and I will agree that that is only one way of repudiation.

Mr. RICE. The object of my inquiry was to ascertain from you whether that would not be another form of repudiation?

Mr. SUMNER. O, certainly.

Mr. RICE. And whether the additional effect of it would not be to help the brightest and quickest to cheat everybody else?

Mr. SUMNER. Yes; I was going to say that there is another element in Mr. Hewitt's hypothesis; and that is, that some one is going to know this legislation beforehand. Some one would certainly know it beforehand; and those who would know it would be generally the craftiest and wiliest and least respectable persons in the community.

The CHAIRMAN. What would be the result as to placing the property of the country in fewer hands than it is now?

Mr. SUMNER. Very few would have anything left; and they would be these few who, by fraud and corruption and underhand means, had obtained this previous information which we speak of, and who would adjust themselves accordingly.

The CHAIRMAN. Would the laboring classes or non-capitalists get any benefit out of that procedure?

Mr. SUMNER. No, sir; I do not see that they would get anything but a longer period of more absolute stagnation than now exists.

The CHAIRMAN. That is to say they would suffer even more than they are suffering now?

Mr. SUMNER. Yes.

The CHAIRMAN. And the suffering would be more widespread?

Mr. SUMNER. I should say that it would surpass imagination to conceive the results of such a state of things as that.

Mr. RICE. In regard to your expression of surprise at the bare imagination of such an act, let me ask you whether you are not aware that just such a thing has been proposed publicly by some of the professed friends of labor and the laboring classes?

Mr. SUMNER. I never can bring their expressions down to anything that I can understand.

Mr. THOMPSON. If the government gave its notes to-morrow to redeem a thousand-dollar bond by issuing a thousand-dollar greenback—legal tender—what would you lose, and what would the government gain, if there would be either loss or gain?

Mr. SUMNER. Nothing at all.

Mr. THOMPSON. Then why would you lock your bond up?

Mr. SUMNER. I would not take the trouble to walk across the street to make an exchange of the bond for greenbacks.

Mr. THOMPSON. The greenbacks would be as much a debt of the government as the bond is?

Mr. SUMNER. Except that it would be a non-interest debt, and of course if there were to be such legislation I should understand by it that the government did not propose to pay interest on my bond any longer, and I would lock it up.

Mr. THOMPSON. Then it would not hurt you or help the government?

Mr. SUMNER. I do not see that it would in that shape. I speak of a thousand-dollar greenback for a thousand-dollar bond; but I suppose that what they want to do is to get out greenbacks in small denominations so as to try to inflate prices and get things kiting once more. I do not believe, however, that that can be done in this country again by any conceivable device, and the reason why I do not believe so is because everybody can understand the trick now. It has been so thoroughly talked over and debated and canvassed within the last four or five years that everybody understands the trick of inflation, and everybody would be wanting to get on the winning side, and you could not get anybody to go on the other side.

The CHAIRMAN. This brings up a question of some importance in this process: Would not the only persons who could gain by this procedure be the debtors?

Mr. SUMNER. Yes; if anybody.

The CHAIRMAN. Now what proportion of the people of the United States may be regarded as the debtor class, that is to say, people who are in debt without the immediate means of payment?

Mr. SUMNER. You mean how many solvent debtors there are in the country?

The CHAIRMAN. I want to exclude from the estimate the class of people with means immediately available to pay their debts—what you call quick assets.

Mr. SUMNER. I do not see how I can make any estimate of them at all. Solvent debtors, excluding those who are not only solvent but who can pay down, are nearly all of us. We are all solvent debtors who can pay our debts at maturity.

The CHAIRMAN. Have the solvent debtors an interest to have such a procedure carried into effect?

Mr. SUMNER. No, sir; the solvent debtors have no interest in it.

The CHAIRMAN. Then who have an interest in carrying that process into effect?

Mr. SUMNER. The insolvent debtors.

The CHAIRMAN. Do you suppose that the class of insolvent debtors at present (considering all the bankruptcies that have recently taken place) is very large?

Mr. SUMNER. No, sir; it is a very small class now. Of course, we have been having liquidations, and the insolvent debtors have been dropping out.

The CHAIRMAN. Then the proportion of such persons in the community is very small now?

Mr. SUMNER. It is very limited, indeed.

The CHAIRMAN. In other words, those who would be benefited by such a procedure have been squeezed out already?

Mr. SUMNER. Yes.

The CHAIRMAN. Therefore there is no object for anybody in having such legislation?

Mr. SUMNER. I do not think so. That brings right on another point which I want to speak about. Up to the time that the crisis of 1873 came, the general opinion of all persons acquainted with business here at that time would be this: that nobody wanted to pay and wind up; nobody wanted to liquidate; everybody wanted to renew his obligations, to extend his operations, because he expected a rise in the market still

further. Everybody's confidence in the market was such that he did not want to pay his debt. He thought he was sure to be able to pay his interest on it, and he wanted to make every transaction, as far as possible, the basis for another transaction, so as to extend his operations and get profit on his larger capital. When the crisis of 1873 came, it just shook that confidence, and everybody turned around and began to ask himself whether his inventory figures were good or not—whether the figures at which he had rated his property were correct. He knew that he had debts, and then he had to ask himself whether he was solvent, if he did not pay his debts very soon. He found that prices began to fall, and he found that it was all in vain for him to inventory his property at so much, and then his debts at so much, and his margin at so much. By and by the question was, whether his margin was not wiped out. Everybody, I think, set to work immediately, with the natural good sense of every individual, to discharge his obligations and to reduce his debts, and to pay up and bring his affairs into close order again just as fast and steadily as he could; and the whole people of this country, I think, have been occupied ever since 1873 in trying to establish and solidify the credit transactions which had been opened up to that time. A great many people found themselves insolvent, and have failed and have gone out of the account. But the natural good sense of every man simply showed him what he ought to do. Every individual had to reduce his expenditures, to economize as much as he could, and to turn in his capital as rapidly as he could to the liquidation of his obligations. In other words, the people of the United States have been, within the last five years, accumulating capital with great rapidity, in order to turn it in to pay their debts. But they have been saving money. Every man has reduced his expenditures, and has contracted his obligations in that way. That, of course, is one great reason for the slackness in trade. When people are not buying goods, if they can possibly help it, of course, trade is dull. That runs through everything. It runs through manufactures and everything else. When people are all avoiding expenses as much as possible, a dullness in trade is produced.

The CHAIRMAN. And all that leads necessarily to a slack demand for labor?

Mr. SUMNER. Of course.

The CHAIRMAN. And the laborer suffers?

Mr. SUMNER. Certainly.

The CHAIRMAN. I do not know whether you are ready to take up the question of remedies. Do you think that there is any remedy that may be applied by legislation or otherwise to relieve labor from the consequences of this speculative era?

Mr. SUMNER. There is nothing that legislation can do about it at all. We have all got to work through it, and every one must do the best he can.

The CHAIRMAN. Can legislation do anything toward relieving this accumulation of labor by transferring it to some other place where labor is in request or can be utilized?

Mr. SUMNER. Legislation might do a great deal of mischief, but nothing else. There is one other point which I would like to bring on in this connection because it bears on that point. I have not said as much as I want to yet about the protective tariff.

The CHAIRMAN. Do you want to go on with it at this point?

Mr. SUMNER. Yes. Of course we have had to put up with very heavy taxation since the war. That could not be helped, and taxation is nothing but a burden. We have got to carry it and to make the best of it. It is one of the inevitable hardships of life. But, then, there is the entirely different question of paying in taxes for protection; that is, taxes that are paid by the people, not for the government, but for the protection of manufacturers. In the first place, any taxes of that kind (and we have had frightful ones laid on in this country, unexampled ones) that are laid on for that purpose are a dead burden to the people, coming out of the war with all their other difficulties upon them. In the second place, if you protect anybody, you have got to undertake to decide what things ought to be done in this country. As you [to Mr. Rice] suggested a while ago, some people think it necessary that we should work iron in this country, whether it is profitable or not; that is to say whether it is as profitable as something else that could be done or not (for that is the real question). Now, if the legislature makes up its mind that there are some things that ought to be done here, and sets to work to lay protective duties, in order to force those things to be done, there will be some other consequences which we must take into account. One of them will be, right away, that you will force the industry of the country into disproportionate development.

We have heard a good deal within a few years past about over-production. I do not know what in the world over-production can mean. You cannot give any intelligible definition of it. The only thing that is possible in that direction is not over-production in any sense at all, but disproportionate production. To illustrate that: If you want to build houses, you have got to have wood and brick and lime and nails, &c. (the component materials), to go into the building. If you have wood and nails and lime enough to build 1,000 houses, and you have brick enough to build 2,000 houses, you have a disproportionate production; and the bricks for 1,000 houses have got to lie idle until

you can bring up the production of lumber and nails and plaster to the limit of 2,000 houses, in order to fill out the necessary composition with the bricks, and to use them up. That disproportionate production is the only kind of over-production that I know anything about. Now, when you lay on a protective tariff for the purpose of developing certain industries, one great trouble is, that you bring about that disproportionate production. Is such a disproportionate production possible in a natural state of things? Not at all. The law of supply and demand makes it utterly impossible. You cannot produce brick for 2,000 houses when the other materials are only sufficient for 1,000 houses, because the bricks would immediately begin to be reduced in their market price. You would have your warning. But, when you have this protective system in force, the first thing you know is that you have brought out a disproportionate production of commodities in those particular lines.

The next result that you must look out for is that you will draw your population to the particular localities which you have artificially decided on by law. You have invited the population and encouraged them, as it is called, to come to places, and to occupy themselves in occupations into which they would not have gone naturally if things had been left to take their own course. For instance, you can produce a congestion of population in the iron districts (they have got it now in Pennsylvania, and perhaps would like to get rid of it) by deciding that you want to force iron production whether the circumstances of the country call for it or not; but because it is a good thing to have, you gather your population together there where they would not have gone had they been left to distribute themselves just where the greatest profit called them.

Mr. THOMPSON. Probably the greatest prostration and depression in any business in Pennsylvania is in the oil business to-day. That business is absolutely free in every respect. There is, I think, an increase, an over-production of oil. The history of the world shows that about 33,000 barrels of oil are consumed daily. Now, the production of one small district in Pennsylvania to-day (not stimulated by friendly legislation nor retarded by unfriendly legislation) is 40,000 barrels of oil a day. The result of that is that oil which ought to be worth $5 a barrel, is to-day worth $1.0178. So, you see that over-production comes in the absence of all legislation.

Mr. SUMNER. I do not see the over-production there. The oil is all used up.

Mr. THOMPSON. No, sir; there are probably 6,000,000 barrels of oil to-day in tank.

Mr. SUMNER. I would guarantee that there are millions of people who would like to have it to burn if you only lower the price sufficiently.

Mr. THOMPSON. There is no light comparing with it that it nearly equal to it in lowness of price to-day.

Mr. SUMNER. No; but if you lower the price still more you will find a market.

Mr. THOMPSON. It is absolutely a case of over-production.

Mr. SUMNER. I do not see it. You say that it is selling at $1.0178 a barrel. Reduce it to fifty cents a barrel, and you will see how much of it will go off. I admit that there is an over-production at the price wanted for it. There is more of it than can be sold at the price they want.

Mr. THOMPSON. There is more of it than is consumed in the channels of use for any purpose. Take wheat; if you raise an inordinate amount of wheat, people would not consume it if it was given to them. Is not that over-production?

Mr. SUMNER. Of course it is conceivable that there may be a production of wheat beyond what can be eaten up, but there is no such thing conceivable in the course of production as the production of more wheat by the hands of the people on the earth than the people on the earth would be very glad indeed to eat up.

Mr. RICE. That would reduce the wages of those raising the wheat to a very low sum indeed.

Mr. SUMNER. Then they would abandon it and go to something else, and the price would find its level at the point where it should stand. And so, if there are more people in Pennsylvania getting out oil than there ought to be there, they must go away, and take to some other business.

Mr. RICE. But you think it better to produce that result by the process you speak of, than to build up a market near the oil-fields or near the wheat-fields, by establishing a manufacturing city, where the farmers, or those at work in getting out oil, can sell their produce, and in that way absorb a portion of the labor which otherwise would go into agriculture or the petroleum business?

Mr. SUMNER. It is not in human ingenuity or wisdom to decide by an outside party, where you ought to take that factory or city and set it down, in order to be near the farmers or the oil-producers, that they may have a market, as you express it. Least of all is it in the judgment of Congress or of any legislature to do that, by a general law.

Mr. RICE. Is it not better for those who raise the wheat in Wisconsin or Illinois, to sell it there than to send it to Europe?

Mr. SUMNER. Not a bit. They never get more than one price for their wheat. Suppose a farmer lives in the neighborhood of Racine, Wis., and sells his wheat there for so much. Whether it is eaten in Racine or Liverpool he can get but the one price for it.

Mr. RICE. Is not that affected by the question whether there is a demand beyond a certain amount? We read now that there is going to be such a surplus product of wheat in this country this year, and that the demand in Europe will probably be so much less than that surplus. Does not the fact that the surplus is greater than the demand reduce the price which the farmer gets for his wheat?

Mr. SUMNER. Certainly; but that has nothing to do with the establishment of factories near his barn.

The CHAIRMAN. The Secretary of the Treasury is required by law to purchase silver. The product of American silver (in Nevada) has been heretofore sent to Europe and sold there. The bullion owners here, therefore, receive the price of the silver in London, less the cost of transportation from Nevada to London. Now, the Secretary goes into the market to buy the silver here, and the bullion owner demands the price of silver in London, *plus* the cost of transportation, instead of *minus*. And the Secretary has had that matter under discussion. Now take the same thing and apply it to wheat. If there is a demand at home for more wheat than is raised, would not the price at this point be the price in Liverpool (which is the great market for wheat) *plus* the transportation between Liverpool and this point, or would it be *minus* the cost of transportation?

Mr. SUMNER. *Minus* of course.

The CHAIRMAN. You mean to say that if I want to buy more wheat than I can get here, and have to send to Liverpool for it, I can get it at the cost in Liverpool *minus* the transportation?

Mr. SUMNER. Certainly. The London (not the Liverpool) market gives the controlling quotations for wheat, and wheat nowadays goes into the world's market. You have your London quotations, and of course the transportation is so much added.

The CHAIRMAN. But suppose that I am in Milwaukee. The price of wheat in Milwaukee is the price in London *minus* the cost of transportation, is it not?

Mr. SUMNER. Yes.

The CHAIRMAN. Suppose that, instead of there being a surplus in Milwaukee I had to bring wheat there from London, would I not have to pay the price at London *plus* the transportation?

Mr. SUMNER. It would not make a particle of difference.

The CHAIRMAN. That is to say, if we did not export a dollar's worth of wheat from this country, but imported it as we did in 1836–'37, the price of wheat here would be the price in London *minus* the transportation, or *plus* the transportation?

Mr. SUMNER. Then it would be *plus* the transportation?

The CHAIRMAN. What is true of this country must be true of any locality?

Mr. SUMNER. Certainly.

The CHAIRMAN. Then we agree?

Mr. SUMNER. Quite so.

The CHAIRMAN. You said that the price must be, under all circumstances, the cost in London *minus* the cost of transportation?

Mr. SUMNER. You put the case of a possible importation into the United States which I had dropped out of the account as not being within the range of hypothesis.

The CHAIRMAN. What is true of the country at large, would be true of any locality that had to import wheat?

Mr. SUMNER. Yes, sir.

The CHAIRMAN. They would have to pay the market-price in the cheapest market *plus* the cost of transportation?

Mr. SUMNER. Precisely. (To Mr. Rice.) I thought that you were putting that old story about setting down a factory next door to a barn.

Mr. RICE. Take a rural county in New York, or in Ohio, or Massachusetts—an agricultural county. Is that county benefited any by establishing within it a manufacturing city of 50,000 inhabitants, thereby furnishing a home market for the agricultural products of the county?

Mr. SUMNER. I first want to know whether this city is supposed to come and build itself up on account of natural facilities. I will answer your question according to the answer you gave me. If there is an agricultural county in the State of New York, and there is a large water-power in it which attracts manufacturing industry there, and if a gentleman takes his capital and goes and builds a factory there (supposing him left entirely to his individual risks and speculation), and if somebody else comes and builds another, and then somebody else builds another, and so they build up another Lowell, then, of course, that is a very great advantage to the county. But that is only to say that a county that is well off is well off, or that a county which has great natural advantages has great natural advantages.

Mr. RICE. If a protective tariff stimulates the building of these factories, you think that is not a gain but a loss, and would be a disadvantage on the whole to the county?

Mr. SUMNER. I should say so.

Mr. RICE. And you would rather not have water-power facilities than have them stimulated by protection. Is that your position?

Mr. SUMNER. Yes; and you cannot always say that, even with great water-power, factories should be established. Water-power has seduced a great many men to their ruin in this country. It might be a very unfortunate thing to go into Saint Lawrence County, far away from tide-water, and establish a factory because there is water-power there. A man must be very careful about going into such a business; and it is for the man going into it to consider all the points bearing on the question, and to take his own chances. If he makes money he is very fortunate, and his neighbors ought to be glad; but if he loses money he is unfortunate, and his neighbors ought to be sorry.

Mr. RICE. Do you think that manufactures can grow up in a new country in competition with old countries, unless they are protected?

Mr. SUMNER. Why not? They have grown up in Ohio, and they are growing up in Illinois, and in the far West, in competition with Rhode Island, Massachusetts, Connecticut, New Jersey, and Pennsylvania.

Mr. RICE. Is not that owing to the fact that they are near the market in those places where these factories are established? Are they not nearer the market than the factories of Rhode Island and Massachusetts are?

Mr. SUMNER. That may be an advantage; and, of course, if it is, they are entitled to it; but so we are nearer the market here than the manufactories on the other side of the water are.

Mr. RICE. Would Massachusetts or Rhode Island have been able to establish their manufactories if they had never been protected against foreign competition?

Mr. SUMNER. Certainly; why not? They have had 3,000 miles of transportation to protect them all the time, a great deal more protection than Illinois or Ohio ever got against Massachusetts or Rhode Island. Take, for instance, the boot and shoe industry in competition with Boston. I am told that that industry in the West is growing to be a very large and independent industry in several of the Western States.

Mr. RICE. How do you account for the fact that the Massachusetts boot and shoe manufacturers have their leather tanned in Illinois and transported to Massachusetts, and that they make the boots and shoes in Massachusetts, and send them back to Illinois, and sell them.

Mr. SUMNER. Do you state that as a fact?

Mr. RICE. Unquestionably.

Mr. SUMNER. I have no difficulty in understanding how it may be, although I do not know the fact. While the people of the Western States have this corn and wheat land around them to work upon, and to raise hogs and cattle on, and to pursue industries of that kind, it does not pay them to make shoes in competition with the people around Boston who live on a very poor soil, and who have no other scope, and where there is a very dense population. I think it a conceivable thing, indeed, that it may pay to transport leather from the Western States to Massachusetts, there to make it into boots and shoes, and to send them back again to the West.

Mr. RICE. There is nothing more common than for the boot manufacturers in Massachusetts to have tanneries in the West, and to move their leather to Massachusetts and send it back in a manufactured form.

Mr. SUMNER. I am not surprised at all. It is just like bringing cotton from the Southern States to Massachusetts and manufacturing it and sending back cotton cloth to the South.

The CHAIRMAN. I understood you to say that where trade is controlled and not obstructed by tariffs there cannot be disproportionate production?

Mr. SUMNER. Yes.

The CHAIRMAN. In England trade is practically free, is it not?

Mr. SUMNER. Yes.

The CHAIRMAN. Take two branches of business which I happen to know something about, the cotton business and the iron business. Do you mean to say that there are not times in British industry when there is an overproduction, a commercial glut of cotton goods and pig-iron?

Mr. SUMNER. No; I do not mean to say that.

The CHAIRMAN. How does it happen to occur there just as much as it does here?

Mr. SUMNER. We understand that, in the fluctuations of trade, the balance will go over now a little on one side and now a little on the other side. You cannot possibly guard against such fluctuations. But, under a free system, and with the play of natural forces only, it is impossible that any industry can go on in an exaggerated direction to a degree producing convulsion and crisis and reaction. Of course you must have a turning over to one side or a turning over to the other. The history of business consists in that. Business never goes forward on a straight line. But these things correct themselves by natural forces within the shortest time.

The CHAIRMAN. I do not see that they are corrected, in fact, any more readily in Great Britain, where they have free trade, than in the United States, where we have a protective system. For instance, I have known the stock of pig-iron to go on steadily increasing in England for five consecutive years on a falling market, and I have known the stock to get up to twelve hundred thousand tons in the warehouses of Glas-

gow alone. I have known the stock of cotton goods to go on increasing in Manchester steadily for a period of three years on a falling market, and at last the thing has corrected itself. It is correcting itself at this present moment. But I find that that era is quite as long, and, in fact, a little longer on the other side of the water than on this side, because there is more capital there.

Mr. SUMNER. Which nation is getting out of its troubles in the iron business quickest?

The CHAIRMAN. So far as my knowledge goes, neither of us is getting out of it.

Mr. SUMNER. I was under the impression that the late reports from England showed considerable improvement in the iron business.

The CHAIRMAN. The stock of iron is not being reduced, though perhaps it is not going up. There is a slightly-increasing demand there, and we all know that there is a slightly-increasing demand here. Last year, 1877, we produced about 200,000 tons of iron more than that produced in 1876, and we reduced the stock on hand about 50,000 tons, showing that there was an increased consumption in 1877. That increased consumption has begun to show itself now in Great Britain. But I speak of the condition of the iron-masters there. I do not think they are getting out of trouble any more rapidly than we are. You laid down the doctrine that this disproportionate production would be less liable to occur in a country where there was free play in trade, and that it would come to an end more rapidly than in a country that had the protective system. The facts, as I understand them, in these two branches of business, do not seem to confirm your statement.

Mr. SUMNER. You quote me correctly. I stand by that form of statement, although I believe I stated it from a little different standpoint; that was, that the effect of protection is to produce disproportionate production, because it stimulates and pushes forward certain industries, not because the market naturally stimulates them, but because legislation has decided that it is a good thing to have them started and carried on. The first effect of your tariffs, of course, is that a great many people think that when you have got a high tariff on iron it must be profitable to go to work and make iron. A great many rush into the business, get the plant, &c., and push it forward until a crisis comes and a reaction. That has been the history of every protective industry. Just the same state of things occurs, of course, in any country under the free system, by fluctuations and changes in the market. Such, for instance, has been that which occurred in our own country, and in England before 1873, when the great advance in the price of iron caused the opening of new factories; and, when the reaction came, it produced a glut in the market.

The CHAIRMAN. I agree that excessive demand brings about, in the end, excessive production. I do not see, however, that whether there is a duty on the article or not has any influence on the result. We had a protective system here; we had a speculative era, and there was a rush into the iron business, because it was profitable. Exactly the same rush occurred in the iron business in England; and the fact that there was free trade in the one case and not in the other did not affect the result, for it was common to both.

Mr. SUMNER. That is true, and very fairly stated; but the idea is that where there is protection, you are, artificially and by the action of legislation, continually encouraging and bringing about that same state of things. It may occur under a free system temporarily and within narrow limits, but under a system of government encouragement, you leave it without the necessary limitations and corrections of natural forces.

The CHAIRMAN. Without differing from you as to the propriety or expediency of a tariff, let me say this: the tariff exists here and free trade exists in England, and I find the same experience in both cases. I therefore dissent from the proposition that disproportionate production is the result of a protective system.

Mr. SUMNER. I say that it is a result of the protective system, and that the protective system naturally leads forward to that state of things; but I will not deny that you can bring me plenty of cases of similar phenomena produced under other circumstances, in other countries where there is no protective system.

The CHAIRMAN. But, with regard to iron, there is depression in England, and depression here; there is a glut there, and there is a glut here; there are low prices there, and there are low prices here; one country is under one system and one country under another system; it is therefore but fair to assume that some other cause must be found than the one which you lay down.

Mr. SUMNER. I will not say that the case in point can be conclusively and exclusively put under that head. That would not be a reasonable interpretation of my assertion.

The CHAIRMAN. It does seem to me that the question of a glut in the market must be independent of either of those causes and must be due to other causes.

Mr. SUMNER. It may be, but I must insist on my proposition that the tendency and law of protection is always to push forward and to stimulate unduly all protected industries.

The CHAIRMAN. Not unless there is an active demand for the product.

Mr. SUMNER. Certainly not; but if you give a man a wide margin of profit, through your interference, he will go on and produce without the checks and limitations that ought to come upon him, as in your iron business.

The CHAIRMAN. He has no wider margin of profit than in any other business.

Mr. SUMNER. O, yes.

The CHAIRMAN. No; for the moment there is a wide margin of profit, everybody goes into that business, and that is the law of all business.

Mr. SUMNER. They try to do it, but in protected industries you never see the law act in that way.

The CHAIRMAN. We are now able in this country to make twice as much iron as there is any demand for. Our capacity to make iron is 4,500,000 tons, and the demand for it has never yet been 3,000,000 of tons in this country.

Mr. SUMNER. You have got too much machinery for making iron now, a large part of which is standing idle, and the tariff is largely to blame for it.

The CHAIRMAN. But in England the same state of things exists. The capacity to make iron in England amounts to 8,000,000 tons a year, but the actual production is about 5,000,000 tons.

Mr. SUMNER. Certainly you have the iron industry in a very peculiar crisis.

The CHAIRMAN. Take cotton. There is a demand for all the cotton products of the country, whereas in England there is an annual excess in the production of cotton for which they cannot find a market. They have had free play, and we have not. I do not say that it is not desirable to have free play. I will go as far in that direction as you will, but you have attributed to protection results which do not appear to have followed protection when you contrast the two countries.

Mr. SUMNER. I do not think that that is a correct mode of arguing about it. You put this other case in which, of course, similar phenomena have occurred. That is not denied. But they do not at all meet or contradict the proposition that the tendency of protection is always to force protected industries into distorted and excessive development because they have not the natural check upon them. That proposition does not deny that the same phenomena may be produced in other countries and other circumstances. The proposition is that the character of protection is always to stimulate and bring about this state of things, and to intensify it.

The CHAIRMAN. This is a point which we may as well settle here, because it will mislead either you or me or the public. Suppose that a wall were put around this country and that nothing was allowed to come in from abroad. Would there be any greater production in the normal and regular course of things than the community would consume?

Mr. SUMNER. No.

The CHAIRMAN. Now, in Great Britain, which is absolutely free, and where there is no such wall, has there not been an overproduction; that is to say, a much larger quantity of production than can find a market?

Mr. SUMNER. Just the same as in a country surrounded by a wall.

The CHAIRMAN. Then the putting up of the wall, or the absence of the wall, is not the determining cause of that result?

Mr. SUMNER. That is, on the idea that a tariff is nothing but a wall to keep foreign goods out. That is not the character of a tariff by any means at all.

The CHAIRMAN. There is no iron coming into this country at present.

Mr. SUMNER. I know that.

The CHAIRMAN. The tariff keeps it out; for, without a tariff, iron would come in, and the price of iron in this country would fall as low as the price of iron in England *plus* freight.

Mr. SUMNER. And *plus* the tariff.

The CHAIRMAN. No. Take the tariff off, and the market would be supplied with English iron, because it can be landed here from England cheaper than iron can be produced here.

Mr. SUMNER. I suppose so, but you have had the price of iron here lower than it is now.

The CHAIRMAN. No, sir; never. Now we are at the very bottom. We are at the lowest prices ever known in the history of the iron trade.

Mr. SUMNER. What are the quotations?

The CHAIRMAN. It commonly rules on the other side at £4 10 for common bars. That would bring it down here to about $25, with transportation; and our present American rate for that sort of iron is $34, so that it is the duty which keeps out the English iron.

Mr. SUMNER. I do not see that we are making any headway on this point.

The CHAIRMAN. I want to arrive at an understanding about disproportionate production.

Mr. SUMNER. It is merely a dialectical difference between you and me, nothing else. We cannot apparently reach each other's mind. I was speaking about the tariff con-

gesting population in certain places where population would not have gone naturally That I want to connect with the ideas which I expressed about paper money. Paper money always has the effect, also, of drawing population out of production into what are called the occupations of the middle men. That is a matter which has attracted a great deal of attention within the last few years. It is the natural tendency of paper money to have that effect because the profits are made under a paper money system, not by the producers, but by the middle men who handle the goods between the producer and consumer, and who handle the money by means of which the transactions are completed. It is universally known that the last census showed distinctly the effect on the distribution of population of some forces that had been at work during the last decade. Another way of putting it is: the effect of paper money is to draw population into the cities, because those industries that have been mentioned are those carried on in the cities (not to mention any other reason). They stimulate city business—I mean the occupations carried on in the city—such as merchants, bankers, brokers, transporters, and middle men of every description. Now I should say that the population of the United States had been distributed under these forces in the way described during the last ten or fifteen years, and that the factor in the situation lies naturally in the redistributing of the population into the normal and natural industries of the country. That was the question which you asked me awhile ago, and which I said I would come back to. I think that, under the moral dictates of their own common sense and right reason, the population has been redistributing itself. It has been getting out on the land ever since the hard times began. It has been taking its own course, its own natural impulse, towards the state of things necessary for recuperation. The population of the Eastern States has largely moved westward onto the new land. Everybody knows that there has been an immense immigration there from the Eastern States within a short period. I suppose when we hear about armies of tramps in those Western States (as we have heard sometimes) that it may be that a great many people who are too poor to pay their way are tramping on foot. They are moving westward toward the new land, which is really their true escape. They are taking their proper course and the one which will lead to a remedy for them and to a remedy for the nation. I think that the tariff and the paper money have both tended to a false distribution of population—to bring it together—especially in the iron and mining districts of Pennsylvania, and the manufacturing districts of the East and in the large cities—and that it has been necessary for the population to distribute itself in the manner that it has done and is doing. Every individual following his own impulse is going straightforward on the right course.

Mr. RICE. Do you not believe that a great many tramps do not come under the head of those who are seeking work on western lands, but are merely tramping from thriftlessness and from love of such a life?

Mr. SUMNER. Yes; hereabouts, and perhaps in the West. But what I said was that when I read of armies of tramps out there, I could not help thinking that, probably, they were persons who could not afford to ride, and who intended ultimately to get to work. Around here, so far as my acquaintance with tramps goes, they are not looking for any work, nor willing to have any.

The CHAIRMAN. Out West, bands of them are said to have broken up machinery and seized railroad trains in Iowa, and that they also seized a railroad train in Massachusetts or Connecticut.

Mr. SUMNER. Those were not tramps.

The CHAIRMAN. Were they a class lower than tramps?

Mr. SUMNER. No; they were a class above tramps.

The CHAIRMAN. How would you describe them?

Mr. SUMNER. They were people who misbehaved themselves, and made an outbreak.

The CHAIRMAN. In Iowa it is said that it was a regularly organized band of tramps who seized the railroad train. The point that I wanted to arrive at was this: you stated that this process of redistribution of population was going on under a natural law. Suggestions have been made here that Congress ought to take measures for colonizing people who desire to quit the centers of population where population is sparse, and giving them land to found homes. The question is, how far you think Congress might interfere in that direction without doing more injury than good.

Mr. SUMNER. I do not think that Congress can interfere at all without doing more injury than good.

The CHAIRMAN. You are aware that the towns of Massachusetts were originally settled by colonizing arrangements carried on by the government?

Mr. RICE. By colonizing—going out from the headquarters. The towns were established by colonies sent out, or protected and aided, by the government of the colony on the shore, when Massachusetts was first settled.

Mr. SUMNER. But they were not aided with money.

Mr. RICE. Perhaps not. They were aided otherwise; the government had surveyors who went out and set off the land and divided it, and supervised entries and build-

ings, and gave to the colonists certain facilities and certain advantages. The colonists went out under the protection and organization of the colonial government at the first center.

Mr. SUMNER. The United States Government does all that, and more, for anybody who wants now to go upon new land.

Mr. RICE. That was Mr. Hewitt's question to you—whether the government should do anything of that kind.

The CHAIRMAN. The proposition is made that the government shall, through its officers, organize colonies, take colonists out and settle them, attend to the affairs of the organization, see that the settlers get through a season or two, take a lien upon the property, try to get the money back; and proceed on that system until the surplus laborers in the towns are got rid of. What do you think as to that proposition?

Mr. SUMNER. I should think that such a thing as that, on the part of the government of the United States, was very ill suited to the citizens of the United States. I do not think that the citizens of the United States desire or need any such care as that on the part of the government; and I do not think that such a course would result favorably at all. I should say that the consequence would probably be that the government colonists would be collected from worthless persons who would be glad enough to get anybody to support them for a year or two; and that when the government stopped supporting them the colonies would go to decay. I have no faith in any such proposition.

Mr. RICE. You recollect the case of Kansas. Kansas was settled in the outset by emigrant aid societies. The first settlers were sent out and their fare paid by emigrant aid societies. The sites for settlements were selected and the land purchased. All these steps were taken by emigrant aid societies. Were the settlers who went there under those auspices a worthless class?

Mr. SUMNER. No, sir; and if any emigrant aid society, organized by private individuals, either for business purposes or out of public spirit, chose to assist and to do the business for colonists in a similar way, there is no objection in the world to their doing so. But government interference is a very different thing.

Mr. RICE. Very likely, you and I agree there; but I understood you to say that the people who would take advantage of such assistance would be a worthless class.

Mr. SUMNER. If you sent out any government agents to get colonies together, I should expect the colonies to be worthless.

Mr. RICE. You think they would be a different class from the Kansas colonists?

Mr. SUMNER. Yes; that is my opinion.

Mr. RICE. But you would not object to emigrant aid societies?

Mr. SUMNER. I would not disapprove of them if they go into it, and if they make the work go. I should be very glad if they succeeded in this or any other benevolent enterprise.

The CHAIRMAN. Take the settlement of the Australian colonies—Tasmania and Queensland, for instance—which were settled with the aid of the English Government. Those are now prosperous colonies. Do you think that there is something inherent in our system which prevents us carrying on colonization as well as any other government?

Mr. SUMNER. It is done still by the English Government. The reports in regard to those assisted by the English Government, as far as I have seen, are not encouraging. There has been a good deal of aid given to colonists—free passage, and all that sort of thing—and in some cases land has been divided up among them. With the homestead law here, with the land surveyed by the government at government expense, and with the security of law and order established by the Federal Government over all our territories, I do not see anything proper or requisite to be done beyond that; and I would leave the people alone to go there if they choose, and to work out their own good.

The CHAIRMAN. The difficulty presented to the committee is this: that there are respectable families in New York and other places, that sincerely desire to get out on the land. They are not paupers or beggars. They never got so low as to get relief; but they are so poor that they cannot pay their passage out there, and support themselves for the necessary interval. And they ask for some assistance by which they can get to, and be kept on the land. The government, as you say, has done a great deal. Can it do anything more than it has done? Can it provide for the transportation of the people who wish to go out west; and can it provide them the means for living there for a year?

Mr. SUMNER. I do not see how any such thing is practicable at all.

Mr. RICE. You referred a little while ago to Ireland; you spoke of the thousands that perished there by famine before the emigration set in; would it have been any advantage to that people if the government had assisted them to emigrate?

Mr. SUMNER. They could not emigrate, because they were overtaken by the famine and died.

Mr. RICE. Would it have been any advantage to them or to their country if the

British Government had helped them to emigrate to some country where the land was fertile, and where they could find new homes and get a living?

Mr. SUMNER. Probably in a case like that, where there was such a mass of overpopulation, that might be the case.

Mr. RICE. Here, in the city of New York, we are told that there are 30,000 men out of work, who with their families are suffering for the necessaries of life. Would it aid those 30,000 men and their families if the government should help them to get on to the land where they could get their living from the soil?

Mr. SUMNER. If you could pick them out, and, by personal acquaintance identify the persons who were to go out under the necessary supervision, I by no means say "no." I should see a grand chance for private charity in such an enterprise, but I cannot see any practical means for the United States Government to do it.

Mr. RICE. You admit that it would be a benefit, but you think that the government is incompetent to furnish that benefit?

Mr. SUMNER. It is incompetent and unfit—so much so that I do not see how the enterprise could be undertaken at all. Of course, there may be cases where persons are so utterly poor, and where all their relations and their connections are so utterly poor, that they cannot get money to enable them to go from here to the land, but they are very few I should think.

Mr. RICE. In Pennsylvania there is a great glut of production. Thousands of men who have been producing iron and coal are thrown out of employment, and there is no immediate prospect of furnishing employment to them there. Would it not be advantageous to those men if they were helped to migrate where they could raise a living from the land?

Mr. SUMNER. It would be a great advantage to them to go out on the land.

Mr. RICE. Would it not be an advantage to the government to help them?

Mr. SUMNER. I do not think that that is a proper thing for the government to do, and I do not see any practical way whatever for the government to do it. These persons in Pennsylvania have been in the receipt of very good wages indeed during the ten years before the panic. They are not paupers; or, if they are, it must be entirely their own fault. Neither are they a helpless class of people, so unintelligent as not to be able to take care of themselves. There is no such class of persons in this country that I know of. The true course for them, unquestionably, is to get on the land, and if there be need of executive or administrative care in carrying out the movement, that seems a matter for the undertaking of private societies.

Mr. RICE. But private societies do not seem to be started. Nobody seems to consider them. Everybody seems to think that it is as much as he can do to take care of himself, and the poor are left. As you stated awhile ago, it is not their fault that they are thrown out of labor, but it is the result of fluctuations and mutations in business. Should the government leave them there if nobody else goes to their aid?

Mr. SUMNER. You say that there is not a private society in existence that comes to their aid. I never heard of one. And that is the very surest sign to me that the case in the hypothesis does not exist. If there were 30,000 people in the city of New York suffering for anything whatever, the benevolent, charitable, public-spirited people of the city of New York have shown themselves, in any number of cases, perfectly ready and competent to meet the requirement, and to do everything necessary in regard to it. There are societies in New York for almost every conceivable charitable purpose, and if you show one hundred persons in the city of New York who need assistance, they will get it, and societies will be found to give it to them.

Mr. RICE. I thought that I was a pretty advanced optimist myself, but I am glad to find one who goes further in that direction than I do.

Mr. SUMNER. I am not much of an optimist.

The CHAIRMAN. There is a society in the city of New York—the Children's Aid Society. That society is the result of a demand for that sort of thing. But there is no society for sending out able-bodied people to the West. In confirmation, however, of what you have said, I wish to state what has come within my knowledge in regard to a manufacturing establishment in a village in the State of Pennsylvania. This establishment has been kept in operation through all the bad times. As a matter of course, the population increases normally. About two months ago the population was too much for all to find employment, and twelve young men who had grown up there and were old enough started for the West, with no help from the public but the help of the small population in that village. They have gone West, and have found employment for themselves, and they will ultimately, no doubt, become citizens and raise families there. That natural process is going on undoubtedly. The younger people go away and the older ones are left, which is rather unfortunate for the people who employ them to have all the older ones left on their hands.

Mr. SUMNER. Undoubtedly the most efficient and best are those who take care of themselves and go.

Mr. RICE. The only question is whether there is not an extraordinary necessity which needs remedy by extraordinary government interference.

Mr. SUMNER. If there is an extraordinary necessity, the public will provide the extraordinary machinery to take care of it. The government can do nothing about it one way or the other except mischief. You speak of the emigrant aid societies to Kansas. Why were those emigrant aid societies to Kansas started? I never knew one to be started in any other direction. There was some sort of need for emigrant aid societies to Kansas. I believe that in that case there was a good deal of political, or sectional, or religious, or emotional impulse involved; and the people were found ready enough to organize societies and to send out colonists.

Mr. RICE. I cited that case merely in reply to a remark of yours, that those who took advantage of such aid would be worthless persons.

Mr. SUMNER. Those who would take advantage of such aid from the government would be.

The CHAIRMAN. Do I understand your objection to be founded on the principle that the government ought not to interfere with matters of that sort, and that it is better for the community and everybody else that that should be left to private enterprise?

Mr. SUMNER. Yes; that is the principle. But I am not a theory-rider myself; I am willing to take the cases that arise and to judge of them. In politics and statesmanship, that is what you have got to do.

The CHAIRMAN. When the same state of things occurred in England, in 1819, Nassau William Senior (an economist ranked among the highest of his day) wrote a celebrated essay, in which he recommended government colonies as the relief for the state of things then; and unless there is something in our local condition which would make some other course better, perhaps that would not be objectionable as a last resort.

Mr. SUMNER. I think that the English experience is against it, in spite of the authority of Mr. Senior in proposing it. The experience of the English colonies, I think, has been decidedly against it. At the same time I have only a general impression on the subject, picked up in the course of my reading.

The CHAIRMAN. There are a great many examples of the kind. Russia has been carrying it out in Siberia, Germany in the Cape Colonies, and there has been a society for favoring emigration from Poland to this country.

Mr. SUMNER. Yes. There are also several cases of that kind in the Old Testament, where Nebuchadnezzar and Salmanazar and the rest of them undertook to move people much in the same way that the Russian Government peopled the Caucasus. I do not think the illustration much in point, for Russia peopled the Caucasus in order to conquer it.

I suppose that the only other question which you want to ask me is the one which you did ask; that is, about the remedies. Of course, I have not any remedy to offer for such a state of things as this. The only answer I can give to a question like that would be the application of simple sound doctrine and sound principles to the case in point. I do not know of anything that the government can do that is at all specific to assist labor—to assist non-capitalists. The only things that the government can do are general things, such as are in the province of a government. The general things that a government can do to assist the non-capitalist in the accumulation of capital (for that is what he wants) are two things. The first thing is to give him the greatest possible measure of liberty in the directing of his own energies for his own development, and the second is to give him the greatest possible security in the possession and use of the products of his own industry. I do not see anything more than that that a government can do in the premises.

The CHAIRMAN. You are opposed to any legislation that interferes with the application of his energies on the part of any citizen of the United States?

Mr. SUMNER. It seems to me that in the United States we have made the thing just as fair and open as it possibly can be. The only restriction is that which comes from the tariff interference.

The CHAIRMAN. You think that, by removing the restrictions of the tariff, the individual would be left free to follow the bent of his inclination?

Mr. SUMNER. That would leave him free to profit by the results of his industry. Every man is free to select his occupation, to go at it in the way that he thinks the most profitable, and to manage it in the way that he likes best. I do not know any restriction except the mere necessary police restraints for public order, public health, &c. I do not know anything that Congress can do in that direction.

The CHAIRMAN. Can Congress do anything that would tend to have a more equitable distribution of the proceeds of industry?

Mr. SUMNER. No, sir.

The CHAIRMAN. Is there anything in the taxation of the country that presses more hardly on one class than on other classes?

Mr. SUMNER. All this tariff legislation presses unfairly on the non-capitalists.

The CHAIRMAN. Therefore, by removing duties, we should relieve the non-capitalist class from an unfair proportion of the burdens of society?

Mr. SUMNER. I think so.

The CHAIRMAN. On what principle would you impose the burdens of society? Which

would you try to make it reach, the fruits of labor and industry or accumulated capital?

Mr. SUMNER. Taxes have got to came out of income; out of produce. If I own a house and the tax on it is so much, I cannot take some bricks out of the side of the house to pay any portion of the tax; I have got to pay the tax out of what the renting of the house produces.

The CHAIRMAN. Suppose you rent the house to somebody; who pays the taxes?

Mr. SUMNER. He pays the taxes if I can make him. Sometimes I can and sometimes I cannot.

The CHAIRMAN. I am glad to hear you say so, for the proposition has been laid down so often that the tenant always pays the taxes, that I am glad to hear your statement in contradiction.

Mr. SUMNER. In flush times, when there are a good many tenants running after landlords for their houses, the tenants pay the taxes; but in dull times, when there are a great many houses standing empty and there are few tenants, the landlord pays the taxes?

The CHAIRMAN. At the present time, when there is an excess of houses seeking tenants, the taxes come out of the landlord?

Mr. SUMNER. I should say that the landlord is paying the taxes now in most of the Eastern cities.

The CHAIRMAN. But in good times the tenant pays the taxes?

Mr. SUMNER. Yes; in prosperous cities, where the demand for houses is great.

The CHAIRMAN. Therefore we could not make any improvement in taxation by the imposition of it directly on the landlord?

Mr. SUMNER. That would not alter the incidence of it at all.

The CHAIRMAN. You cannot change the incidence of taxation.

Mr. SUMNER. I do not think you can.

The CHAIRMAN. There is a great deal of discontent because, as is alleged, the laborer does not get a fair share of the proceeds of industry. It is said that production is the result of capital and labor combined, and that labor is not getting its fair share. Can you suggest any method different from the existing method by which government or legislation can appropriate a larger share to the laborer than now accrues to him.

Mr. SUMNER. I do not know of any way at all. I do not know what anybody means by a fair share. I do not see what the criterion of it is. I do not get a fair share. I have a grievance too; I think that the worst trouble in the United States is that college professors do not get large enough salaries. I never have said this before. I have not got up any society to have this matter reformed, but if things are going to be fixed comfortably for everybody, I would like to have my grievance attended to. I say that simply to illustrate that I do not know what a fair distribution is. The fairest distribution that I can get is the biggest that I can get. If I knew how to get any more, I should get it now. If the trustees know any way to reduce my salary, I presume they will reduce it. If I cannot help myself, I will put up with it; but if I can help myself, I will not put up with it.

The CHAIRMAN. There is a certain fund at Yale College, I presume, applicable to the payment of professors.

Mr. SUMNER. No. That case will not serve your purpose.

The CHAIRMAN. Then I will assume it to be so (that there is such a fund), and I want to know if the reduction of the number of professors will not keep the rest of you.

Mr. SUMNER. I do not know. If you reduce the number of professors, perhaps the college would not get so many students and would not get so much money, and there would not be so much to divide. You are speaking under the impression that we have an endowment in Yale College.

The CHAIRMAN. If there was more to divide among you by the reduction of the number of professors, each professor that was left would get more?

Mr. SUMNER. Yes.

The CHAIRMAN. But the effect of it would be to impair the usefulness of the college?

Mr. SUMNER. Yes.

The CHAIRMAN. Take the case of machinery (a corresponding case); it has been proposed to limit the use of machinery, to stop its operation for a portion of the time, in order that human muscle may be more employed; what is your judgment as to the effect of that, not merely on society at large, but on the laboring classes themselves? Have you given that thing any consideration?

Mr. SUMNER. It would reduce the comforts and enjoyments of life, that are now open to them, very much indeed. To reduce the operation of machinery one-half would reduce the comforts of life one-half.

The CHAIRMAN. Who would be the principal sufferers in that case, the poorer or the richer classes? Which would be diminished most largely in what are now regarded as much necessities as comforts?

Mr. SUMNER. I cannot say. There were one or two of your questions before which

suggested a thing that I did not like, that is, that the classes are separate in interest in this matter. I do not think so. I speak always of the population of the country. The population of the country would have its comforts and its wealth diminished by the reduction of machinery.

The CHAIRMAN. I have only used the term "classes" because, in the evidence heretofore given, the term has been used and we have had a large number of witnesses professing to represent particular classes. They say that they do not get a fair share of the products of industry, and they give various reasons for it, among the most prominent of which is that there is too much machinery, or that machinery is operated too much, and that it throws labor out of employment. Of course your attention has necessarily been given to that matter, and the committee wants the benefit of any judgment that you have on the subject.

Mr. SUMNER. I understood that in using the word "classes" you were quoting others, but at the same time I thought that I would like to be understood as denying that you can make this distinction. These social and industrial forces reach all through society. We are all in together and cannot separate ourselves if we wanted to. If we shut down machinery we shut down the production of wealth and there would be less wealth in the community, and all of us would feel it in our comforts and our possessions.

The CHAIRMAN. Objection is made that the wealth of the community is not properly distributed. Is there any way in which legislation can intervene to remedy the distribution?

Mr. SUMNER. None whatever. When you use the word "properly distributed," you mean, of course, fairly distributed. I can only say again that I cannot see any sense to those terms at all. Some people are a great deal richer than other people; that is very true. If the social condition is free and the movement of population perfectly free, and if all individuals are left to seek their own industries, then I do not see any result except that every man gets just what comes to him according to his industry, his efficiency, his skill, his education, and his self-denial. And therefore I do not see any definition of a proper distribution except just that distribution which everybody gets on a perfectly free system. If you had a system of guilds or close corporations of any kind, that were interfering with men and preventing them from going into some line of employment, barring them out in order to make employment for somebody inside, there, of course, you would be interfering with the natural and fair and proper distribution. But I do not see any definition of a fair distribution except that which every man gets by his own industry and energy and skill.

The CHAIRMAN. The grievance complained of is that, in the operations of society, certain persons, who are just as deserving as others, find it impossible to get any employment at all. They say that society owes them a living; that, if they cannot get work at private hands, the public should intervene for the time being and provide some place where their labor could be employed, and where they could get a livelihood. They claim that they are just as industrious and meritorious as other citizens; and the proposition is for government to intervene and provide them with employment. What have you got to say to that? Can that be done?

Mr. SUMNER. That cannot be done; no, sir. The moment that government provided work for one, it would have to provide work for all, and there would be no end whatever possible. Society does not owe any man a living. In all the cases that I have ever known of young men who claimed that society owed them a living, it has turned out that society paid them—in the State prison. I do not see any other result. Society does not owe any man a living. The fact that a man is here is no demand upon other people that they shall keep him alive and sustain him. He has got to fight the battle with nature as every other man has; and if he fights it with the same energy and enterprise and skill and industry as any other man, I cannot imagine his failing—that is, misfortune apart.

The CHAIRMAN. You do not recognize that view of the constitution of government, that it is in any way bound to provide for the existence of its members?

Mr. SUMNER. Not at all; and the reason why, is that if it did so, it would have a larger and larger accumulation of paupers on its hands all the time, until all the people were paupers. Take it in this way: suppose that I am twenty-one years of age, and that I say that the government owes me a living, and that it is bound to furnish me work. If the government is bound to furnish me work, how much work? I do not really want work myself, but I want things to enjoy. Work is disagreeable; there is too much of it in the world. I have enough work generally every day to occupy me for three days if I could keep agoing; I cannot catch up with my work at all. I do not want work. What I want is, instead of work, good things to enjoy—that is, wages. Now, if the government is obliged to furnish me with wages—that is, to furnish me with existence (the working element is a mere incident), is it bound to furnish my wife with existence? because I want to get married. If I am twenty-one years of age, of course I would like to get married. Now is the government bound to furnish support to the lady too, or furnish me enough to support us both? Suppose you say yes,

because it is necessary to keep the population going and to keep up the community. Very well. If the government furnishes work for me and support for myself and my wife, how many children is it bound to support? For, if I can depend upon the government to furnish me and my children with existence, I need not stop to deliberate whether I can afford to get married or not; and, of course, I get married immediately. I have no reason to be anxious about the care of my family (and in the natural course of things I should have a very large one). All the other people would go into the married state at an equally early age, and with as little need to be anxious about the future; and they would be all rearing very large families of children; and, as each grows up, he would come upon the government with a demand exactly the same as I had in the first instance; and so you would go on until you would have the whole community paupers, all living upon something—I do not know what. For it is obvious that, at the same time that the number of mouths to be filled is increasing by a grand system of encouragement, the amount of capital to be consumed by those mouths would be, on the other hand, diminished; because those who had any capital would be either hiding it away or carrying it off to some other country which did not go on that principle; or else they would enjoy it as they went along, and not save anything to give to other people. That is the *reductio ad absurdum* of the proposition you quote.

The CHAIRMAN. The proposition has been several times made to organize the government on a communistic or socialistic system, viz, that government should employ all the labor and should give everybody a living. I understand you to say that, in your judgment, the result of such a system as that would be a rapid increase of population—more rapid than the means of subsistence—until the whole community would be reduced to poverty?

Mr. SUMNER. Yes; there would be an increase of population and a reduction of capital—a loss on both sides. I suppose everybody would see that in saving his capital he was merely saving it to give to other people to consume. Saving would soon stop, and everybody would look out for himself and not provide for others. That is the real stumbling-block of all schemes to make everybody happy—that, if you make them happy, they will increase the population until the means of subsistence will not support it.

The CHAIRMAN. It has been suggested that we might relieve the industry of the country by the imposition of new taxes; that is, that we might raise all or a considerable portion of the revenues of the government by a tax on income. I should like very much to ask whether you have given your attention to that question, and whether you think that it would result in relief to the industry of the country and enable capital to give large employment to labor.

Mr. SUMNER. I am in favor of an income tax as a matter of public finance. If we had an income tax and could do away with tariff taxes, the result, I think, would be very beneficial to the whole community. The non-capitalist classes, those who depend upon their labor and who have no income or profits from capital, are the consumers and pay this consumers' tax, which is laid directly by the tariff. There would be a relief to them in that respect. But I am particularly in favor of an income tax as a measure of public finance. I think that it belongs to any good system of finance, and that it ought to be in every governmental system.

The CHAIRMAN. In that case the property and not the consuming power of the country pays the taxes?

Mr. SUMNER. Then the production of the country would pay the taxes.

The CHAIRMAN. And not the consumption of the country?

Mr. SUMNER. The production, of course, is all consumed in the same year.

The CHAIRMAN. Then the tax would be on the annual accumulation of capital?

Mr. SUMNER. No; the income tax would be on the annual net income. I am almost afraid to say that I am in favor of an income tax.

The CHAIRMAN. I said so yesterday.

Mr. SUMNER. I mean, not that I am afraid of my opinion, but that I am afraid of being misunderstood, because there has been so much stuff talked about income tax and such absurd propositions suggested for an income tax. I should like to say that I would not tolerate the suggestion of an income tax except on two or three very stringent conditions. One is that the exemption of an income tax should be drawn very low down to the cost of living. There must be an exception, but I would draw it very low, say at $1,000. I see that that has been suggested in the platform of some of the National conventions. I think that the exemption ought to be at $1,000; and, furthermore, I think that it should not be a graduated income tax. I would not like to be understood for one moment as favoring a graduated income tax.

The CHAIRMAN. Be good enough to state the impolicy of a graduated income tax.

Mr. SUMNER. A graduated income tax would be a tax upon efficiency, on talent, on skill, on accumulation, and on self-denial. Every man who exerted himself with any great energy and skill and talent to produce wealth and to accumulate wealth would be subjected all the time, as he went along and succeeded, to a heavier and heavier penalty for doing so, which, of course, is not to be tolerated at all.

The CHAIRMAN. There are plenty of people who would be very willing to take the income of some of these very rich men and pay a pretty heavy tax on it.

Mr. SUMNER. I suppose so, but it would be a very great injury to the community to have them do it.

The CHAIRMAN. What would happen upon an increase of the tax say to 50 per cent. on incomes of over $100,000? What would be the effect of a provision of that sort?

Mr. SUMNER. The effect, of course, would be to check the most able, energetic, and efficient men in the community—to set a limit to their exertions, and to say, Here, be a good citizen up to this point, but if you go beyond that we will set you back.

The CHAIRMAN. If a man had more income than that limit he would not stay in the country, would he?

Mr. SUMNER. Of course he would not, and that would withdraw the capital. People talk a great deal about capital. They want to kill off capital. They get up superstitions about capital, and think that there is something peculiar and remarkable about it. But capital is nothing in the world but property in a particular use, and the security that is given to capital is nothing but making a man secure in the possession and enjoyment of the products of his own industry.

The CHAIRMAN. There is a point beyond that which has been alluded to very prominently, and that is that there is a great deal of capital in the world which is not the fruit of a man's industry, but has been got by inheritance, got while he was not contributing anything. It is said that there is a great deal of such property as that; and it is felt to be a grievance, and it is said that that kind of property should be taxed very largely. What is your view of that—of this concentration of property in a few hands by inheritance?

Mr. SUMNER. There is no such thing as that in this country. There cannot be in a new country like this, especially where there is no law of entail. If property is inherited by a man who is not competent and fit to handle it in this country, it slips through his fingers very quickly. If a man who has not inherited his father's capacity to manage money inherits money, he cannot keep it, and in this country it is quite as hard to keep capital as it is to get it.

The CHAIRMAN. One man who is quite competent to manage property, inherits property worth, annually, $5,000,000, while another man, quite as competent, inherits nothing. The latter says, "This is a grievance; this man is no better than I am. His natural rights are no greater than mine. I find him living in a palace with all the appliances of comfort and luxury, while I have to live in a hovel. That is wrong and a grievance."

Mr. SUMNER. It is not any wrong or grievance whatever to the man who has not inherited the fortune. Of course the institution of bequest or inheritance came from the institution of property combined with the institution of the family. It has grown up in society through five thousand years of history, by the human race feeling its way along, trying to adapt its institutions to human life in order to reach the maximum of good—trying to get along from worse to better. The love of a parent for his children, and his desire to accumulate for them, is the very strongest motive to temperance, prudence, self-denial, and all the industrial virtues. It is the very strongest hold that there is on him after he has got over his youth and comes to the years of real discretion. That affection for his children, and his desire to accumulate for them, holds him up to the efforts of a good citizen more than any other force in human nature; and society has simply provided for that by establishing the institution of bequests. Not that I think you could defeat it very well if you should try, because a man would give his property to his children in his lifetime if you forbade him to give it to them in the way of bequest after his death. Furthermore, the inheritance of capital from generation to generation is the way in which the human race keeps up the steady advance of civilization. That is, that every generation gets on a little farther than the last one in extending the comforts and conveniences and elegancies of life by the transmission of capital from one generation to another. If you transmit capital from one generation to another, of course the only question is, to whom in the next generation you will give it. Inheritance is simply a practical institution and arrangement that makes it pass to the children because it is the interest of socitey to encourage the parents always to follow the industrial and civic virtues.

The CHAIRMAN. In other words, society has found no better mode than the present mode.

Mr. SUMNER. That is all.

The CHAIRMAN. That being the fact, is it not possible that there may be a better mode? For instance, we have modified the laws in regard to property steadily during the last thousand years. Are we at the limit of improvement in that direction? Can we do nothing to equalize a little more the conditions of life or the possession of property?

Mr. SUMNER. I do not know.

The CHAIRMAN. Can we do nothing more to open the way for everybody to acquire property? Can we put any barriers in the way of monopolies?

Mr. SUMNER. As to what people may do in the future, I do not know. They may come to the millennium some day. If they do, perhaps, they will know how to live in it. It is not for us to develop rules of life for the millennium now.

The CHAIRMAN. But the question presented to the committee is whether there is not something in existing legislation that creates monopolies, and whether there is not some possible legislation that would tend to improve generally the well-being of society?

Mr. SUMNER. I do not know of anything. I have no project of the kind to propose at all.

Mr. RICE. It has been intimated here that government should build railroads and own them, should own the banks, and should issue the currency; and it is said that those who have charters or privileges granted from the government to do these things are favored—favored beyond what is fair and right.

Mr. SUMNER. I am rather inclined to the opinion that we have got to have a struggle with the great corporations before we get through, but I have not any programme for it.

Mr. RICE. Do you think there is something in that suggestion?

Mr. SUMNER. I think we have not yet learned to charter corporations and still exercise the necessary control over them in the public interest; but as to having the government own all the railroads, the only piece of business that the government ever undertook to do is to run the Post Office, and it has a deficit in that department every year. I see great reason to fear, therefore, that if any other functions are given to the government, it will manage them with equal financial success.

The CHAIRMAN. I suppose you know that it would be very easy for the government to make a profit out of the Post Office?

Mr. SUMNER. No.

The CHAIRMAN. It would only have to stop the non-paying routes in the remote parts of the United States and it would very soon make the Post Office self-sustaining.

Mr. SUMNER. Yes; but if you withdraw the routes you will not do the post-office business.

The CHAIRMAN. But it would be done where it is a paying business.

Mr. SUMNER. Yes; but you do not do the business.

The CHAIRMAN. We could make it self-sustaining if we took that view of it. It is self-sustaining in England.

Mr. SUMNER. It is self-sustaining in England because the country is densely populated.

The CHAIRMAN. It does not seem to me quite true to say that government cannot conduct the post-office business at a profit when the trouble is that it does not do so in order that it may accommodate the whole country.

Mr. SUMNER. I am not by any means confident that private corporations could not carry on the post-office business equally as well as it is done now, and as cheaply.

The CHAIRMAN. It never has been tried.

Mr. SUMNER. O, I only say that I am not satisfied about it. It is only a speculation on my part.

VIEWS OF MR. CHARLES FRANCIS ADAMS, JR.

NEW YORK, *August* 23, 1878.

Mr. CHARLES FRANCIS ADAMS, jr., appeared before the committee, in response to its invitation.

By the CHAIRMAN:

Question. Please to state your residence.—Answer. Quincy, Mass.

The CHAIRMAN. The committee has invited you to appear as a witness before it, on account of your official connection with railway transportation. I understand that you are one of the railway commissioners of the State of Massachusetts.

Mr. ADAMS. Yes; I am chairman of the Board of Railway Commissioners of the State of Massachusetts. I have been a member of that board for nine years—ever since its organization—and I am still a member of it.

The CHAIRMAN. In that capacity I understand that you have had occasion to look into the question of the effect of railroad management on the general business of the country?

Mr. ADAMS. Yes, sir.

The CHAIRMAN. I take it that you prefer to make your statement in your own way. I do not wish to put any questions to you if you are prepared to make a statement.

Mr. ADAMS. I appear here at the request of the committee. I am somewhat at a loss to know exactly what is wanted, but I presume that the committee desires such views

as I may be able to give in regard to what can be done through legislation, as respects railroads, to ameliorate the existing business depression.

Mr. RICE. There has been a good deal of complaint before this committee, from various witnesses, that business is depressed and that labor is depressed by the railway management. We want to know whether these complaints are well founded or not, and whether the community is being oppressed by railroad management; if so, in what respect, and what can be done to remove those difficulties by legislation.

Mr. ADAMS. In the first place, I would say that there are two distinct things that must be kept in mind when talking about railroads. One is, railroad construction, and the other, railroad management. Now, undoubtedly, as Mr. White has said, excessive railroad construction in this country led very largely to the existing business depression. That is, this speculation—this era of madness, as it were, about building railroads, made what are called good times; that is, there was a great demand for iron and for all kinds of materials, and an enormous number of men were employed at high wages. All this, however, had nothing whatever to do with railroad management. Now, when too many railroads are built, and the subsequent reaction comes, as come it must, a great many men are necessarily then thrown out of employment, a great many iron works are stopped, and there is a great business depression, requiring an economical adjustment, which is now going on. All this has resulted from excessive railroad construction. But when you ask me whether railroad management has had anything to do with producing the present state of affairs, known as "hard times," I should say distinctly that it has not.

Mr. RICE. The committee did not intend to limit you in your statement.

Mr. ADAMS. The collapse of railroad construction contributed immensely to the present condition of business depression; but, so far as railway management is concerned, I cannot say that it contributed to it; and I think that, since the existing depression began, railway management has been the most powerful factor that has been at work to get the country out of it. Excessive railroad construction opened millions of acres to labor that were before that inaccessible, where the people are now going from our cities; and that is the natural relief which is slowly (and with suffering, doubtless) working itself out. Railway management, as an employer of labor, has done better in that regard than any other class in the community. Mr. Hewitt's iron furnaces and mills may shut down and may stop manufacturing, but the railroads run anyhow. The railroads employ all the hands which they employed before the depression. They have reduced wages, it is true, but still the men are employed. Few men earning wages in the railroad business have been turned out of employment as mill hands and factory hands have been. In addition to all this the railroads have been and now are, through their management, bringing forward the produce of the new acreage brought under cultivation, and sending it to Europe at rates unprecedentedly low. America has thus, through their agency, driven out of the market competitors for the products of the soil. I am, therefore, unable to see what legislation can possibly accomplish in the direction indicated, which natural forces are not bringing about a great deal better. For instance, yesterday, in coming on here, I happened to meet with a gentleman on the cars who had at one time in his life taken a very active part as (what was called then) a railroad reformer. He had advocated cheap rates and had supposed that, in doing so, he had gone to what was in those days (ten years ago) considered an extreme point. I mentioned to him the fact (which I believe is a fact) that to-day the Boston and Albany Railroad is regularly hauling in its freight service, a ton of weight, taking dead weight and paying weight together, one mile for half a mill. Now, that is beyond the wildest dreams of the wildest railroad reformers of ten years ago. That, of course, is immediately producing its results in enabling the agriculture of the West to drive every other competitor out of the foreign market; and it is producing remotely the relief which the country needs by bringing the people back to the soil. If you ask me whether there is anything which legislation can do to expedite this natural process, I say very distinctly that I do not see that there is anything; that the process of readjustment is going on as fast as it possibly can go. Further, if asked, I should have to say that, as the result of all my experience in ten years of observation and study, I think the difficulty is not that we do not have legislation enough in regard to railroads, but it is found in the character of that legislation. We have already had a great deal of very crude and puzzling legislation, and I should be very much afraid that any legislation which we may now have (which this or any other committee of Congress would recommend and which would be likely to pass) instead of being calculated to remedy existing evils would be merely legislation of the same character. I do not doubt that the committee would recommend good legislation, but I doubt whether sensible recommendations, in the present state of popular knowledge of the subject, are likely to meet with favor in Congress.

The CHAIRMAN. That criticism applies to legislation of all kinds.

Mr. ADAMS. My observation would undoubtedly lead me to say that it does.

The CHAIRMAN. Then the conclusion would be that there should be no legislation of any kind in regard to railroads.

Mr. ADAMS. Our railroad system is founded on the principle of competition. The men who are managing it are men of very great ability, and they know thoroughly what they are about. They are engaged in a most destructive war of competition. Logically, they are carrying out the system on which our railroads were built to a final result with an energy which is most noticeable. It is inseparable from that system (in carrying it out in this way) that it should work great injustice; and the two difficulties connected with railroad management which the country is now suffering under and which lead to complaints (laying aside corruption in management, which will cure itself) are difficulties which this competition leads to. One is the discrimination against local customers. That is, if you take one point that is called a railroad center and another point that is not a railroad center, you will find that the railroad center has an enormous advantage over the other. The second difficulty arises from the violent fluctuations incident to these wars of competition. What is needed to cure these two evils is a reformed railroad system which will allow the movement of persons and property to go on freely and at reasonable rates, under a tariff of settled charges which will afford the customers of the railroads perfect freedom as to markets with all the facilities for carriage that they can reasonably ask for. That is what the competitive system does not now supply and never will perfectly supply. It is this that we are all puzzling over. The only course which I can suggest as likely to effect a solution is, to follow carefully the experience of other countries; this certainly will not lead us in the direction of remedial legislation (into what we call here granger laws, laws regulating rates and fares, &c.), but on the contrary will, I think, lead us in the direction of the government interfering in the least degree possible with the actual management and operation of the railroads, while yet it will supervise them, so to speak, continually and carefully, so that when abuses arise the causes of those abuses shall be thoroughly investigated and the full light of publicity thrown upon them. As the result of that publicity and careful investigation the necessary remedial laws will at last be framed. The difficulty with us hitherto has been that in all our remedial legislation we have persistently put the cart before the horse. We have tried to introduce our remedy before we had thoroughly studied the disease. Now we never will hit upon the true remedy until we make the study of the difficulty—the disease—the condition precedent to it, and then gradually (and I think very rapidly) the necessary machinery and legislation will be evolved. The railroad problem is, to my mind, a simple problem enough if people will only approach it in the right way and not try all sorts of quack remedies to produce results which can only be produced through previous study and by long and public discussion. I think that is all that I have to say on that subject.

The CHAIRMAN. The railroads may be said to be the creatures of State legislation. Do you think that Federal supervision (such as you have been indicating as taking place in other countries) can be invoked here with advantage?

Mr. ADAMS. I believe in crossing the stream when you come to it, and I doubt whether we have yet got to that point. That we will ultimately get there I have no question in my own mind.

The CHAIRMAN. Have we not arrived at the stream, when we find railroads running through various States connecting with each other, making discriminating rates, so that people on one route can not get their productions transported to New York and Boston as cheaply as they can on the other route? No State is able to apply the remedy, because the railroads are in different States. That difficulty has been brought very prominently to the notice of Congress, especially in connection with the Pacific railroads. Have not got to the stream? Is not the point reached where Federal legislation must step in and do something?

Mr. ADAMS. I suppose that if the question is put in that way it would be impossible for me to deny that we have got there, for it is apparent of course. The commerce between the States, as defined by the Constitution, is, in part, carried on by the railroad, and if the railroad does the commerce between States, I should suppose that if Congress is going to do anything to regulate the commerce between States, it ought to have something to say about the railroad business.

The CHAIRMAN. Now, in England, as I understand it, Parliament has been compelled to interfere and to regulate that very kind of business. For instance, the law of England prohibits discrimination, so that whatever is done for one citizen must be done for every citizen, and, as I understand it, no secret contracts are allowed. Do you think that we can begin a similar kind of legislation in this country?

Mr. ADAMS. I see no reason whatever why it should not be begun and begun to very great advantage, provided we can begin gradually and not all at once. The English experience is immensely instructive to this country, and it is a great pity that it is not better understood here. It is like this whole discussion in regard to the currency that we have had going on here. In England they have been thoroughly through the trial of the granger-law legislation. All the experiences that have been tried here; all the laws that have been passed, and everything that has been done to settle this question here, has been tried in England; and, five years ago, they were all formally abandoned. A very able committee, which sat for a long time, and which included in its

number the present Marquis of Salisbury, the Earl of Derby, Mr. Fortescue, and a number of other most prominent members of Parliament, considered the question, and their report was one of the most instructive documents that has ever appeared on the railroad subject. They abandoned the whole system of English legislation in the mass. All the experiments of the past were reviewed; all the attempts made to hinder the consolidation of competing railroads, all the futile efforts to regulate fares and profits, were examined and thrown overboard. They said that such attempts never had accomplished any result that was sought to be accomplished, or prevented anything that was sought to be hindered. They then adopted a system, very quietly and silently, which is now in use in England, and I think that it will be the system upon which we will at last settle down to in this country.

The CHAIRMAN. Please to describe it.

Mr. ADAMS. It is simply this: "Hands off; let the railroads develop in their own way. If consolidation is the law of their growth, let them consolidate; let them pursue whatever system of growth or whatever system of operations they naturally see fit to adopt in the course of their business The only thing that we insist upon is this, that there shall be the largest amount of publicity in operations, so that abuses shall not be slightly passed over." A board was established in England, known as the general railway commission, consisting of three very able men, who constitute a sort of tribunal before which every case of complaint against railroads is brought and thoroughly heard. The process is very cheap. Then legislation is left to shape itself in the result of the discussions of and before that board.

The CHAIRMAN. Did not the English law contain a provision against discrimination as between individuals?

Mr. ADAMS. Yes.

The CHAIRMAN. In other words, every man in England is equal before the railroad commissioners and before the courts?

Mr. ADAMS. Exactly. Now, we have in Massachusetts (perhaps it is natural that I should give undue weight to our experience in Massachusetts, as I have had something to do with it) a system simpler than that of England, and I think (I say it with hesitation) that it has worked well. It is very simple indeed. The Massachusetts system is one that depends on little besides public discussion. If a letter, or even a postal card, is sent in to us from any man stating that he has a cause of grievance against a railroad company, we give just as much attention to it as if it had come from a city government. We investigate the matter; we see the railroad officials informally, and it is very rarely that we fail in securing a measure of relief; and the fewness of the complaints that come before us is, I think, a strong testimony to the fact that, as a whole, the railroad system is operated remarkably well.

The CHAIRMAN. Take this one grievance, and state how you meet it in Massachusetts and how it is met in England. Take a town situated ten miles from a railroad terminus, where it is intersected by another railway a hundred miles long. That point of intersection is a competition point. If freight is carried over the hundred miles of railroad for a dollar a ton, and if the inhabitants of the town ten miles from the railroad terminus are charged another dollar a ton, have you any provision in which a town so situated can get relief?

Mr. ADAMS. Yes; if such a discrimination was made, I do not think that, either under our system or under the English law, there would be any trouble about it.

The CHAIRMAN. Is there any provision of law in either country which secures to the people a direct relief from such an imposition?

Mr. ADAMS. No, sir; and there cannot be one framed.

The CHAIRMAN. As I understand the English law, all railroads are regarded as one, and the rates must be made from every one point in England to every other point in England uniform; and the rates must not be made differential rates, but the short distance and the long distance are counted as one, and the railway companies divide the profits. That system does not prevail in this neighborhood. I do not know whether it does in Massachusetts.

Mr. ADAMS. Yes, sir; we have it in Massachusetts. We have had it for years. We have had laws in Massachusetts, one establishing the rates as between railroads—that they shall be reasonable, that is all—and the other establishing generally the principle of a compulsory interchange of business between roads; the right of roads to enter upon and use each other. Practically we deal with such cases in this way: a concrete case arises and is brought before us, as several such cases have been brought, and there thoroughly and publicly discussed. As a result of this discussion we make what is called a recommendation to the railroad corporation concerned. That is the full limit of our power. It may be said, and frequently has been, that this amounts to nothing; that the railroad corporations would pay no attention to the recommendations of a tribunal not clothed with power to enforce them. Practically we have not found that to be the case. The railroad corporations, the moment that public discussion is brought in and the question thoroughly and understandingly discussed, stand in very great dread of public opinion. The larger railroads grow, the more amenable to public

opinion they become. My belief is that we shall at last reach a practical conclusion on this question through which we will get justice done; and we will reach it just so soon as we get full publicity and intelligent discussion.

The CHAIRMAN. The case that I put to you was a local one; but of course such cases are really applicable to the whole United States, and you see what a tremendous question it opens up. Mr. Rice lives in Worcester, where there is a wire-mill. There is also a wire-mill at Trenton, N. J. These two mills complete for the business of Chicago, the distance between the two points and Chicago being about equal. Now it turns out that the rate for freight from one place is sometimes one-half the rate from the other place. Sometimes it is cheaper from Worcester and sometimes it is cheaper from Trenton. This is a great hardship; first to the one manufacturer and then to the other. One of them finds himself driven out of the Chicago market without any fault of his own and without any earthly power on his part to remedy it. I put that case to you because it is one absolutely within my personal knowledge.

Mr. ADAMS. That is the result of competition.

The CHAIRMAN. What we want to know is, whether the Federal Government can intervene in a case of that kind by a railroad supervision so that this thing shall not happen, and that neither the wire-mill at Trenton nor the wire-mill at Worcester shall be ruined by differential rates.

Mr. ADAMS. No, sir; I think it is impossible.

The CHAIRMAN. You think that a law cannot be brought to bear on that subject.

Mr. ADAMS. At any rate it is a thing for the future. It cannot be done without destroying the whole system of competition on which the railroad system now rests.

The CHAIRMAN. And yet you see that that leaves it in the power of a particular railroad corporation to make a particular mill profitable or to ruin a particular mill.

Mr. ADAMS. Undoubtedly; but you cannot have the benefit of railroad competition without some of its hardships. The way it will work itself out is probably already beginning to appear. There is a "pooling" discussion now going on at Saratoga. These grand combinations all tend to working out that problem by making even rates. The danger that people apprehend from these combinations is that they will also create a monopoly. That is very true, and the way in which you must meet the monopoly must be by government supervision, so that whatever the monopoly does will be done in the full light of day.

The CHAIRMAN. Take this case: You know that the stocks of certain railroad companies have been largely watered. Some people allege that there was value for the increased stock, and some allege that there was not. At any rate, the stocks have been very largely watered in the case of some of the great lines to the West that are competing with each other. The stock of some has been more watered than that of others. The competition is so great that none of them can make money; and, therefore, they pool upon a basis that enables all of them to make money—the watered stock as well as the unwatered stock. Do you think that any legislation can be brought to bear to prevent the railroad companies from paying dividends on stock that has never had any real representative of value?

Mr. ADAMS. That goes back to another question in regard to railroad construction. The whole talk about watered stock is full of fallacies. Among other things, it seems to be currently supposed in the minds of a large number of persons that all railroads earn dividends upon their capital. Now, railroads have been a form of investment in which there have been a few large prizes, a number of moderate prizes, and a great many blanks. In the building of railroads in this country (as every one knows who has had anything to do with them, and you, Mr. Chairman, have had some very sharp experience in that line), there have been a good many blanks to each prize. Within the last few years at least $100,000,000 invested in railroads has been wiped out. The process of stock watering, so called, has been simply a rude averaging process by which the successes were made to off-set the failures—the prizes to balance the blanks. As a result, this country, through the process under which our railroads have been built, has its railroad system at a lower percentage of interest on its actual cost than it could possibly have been obtained for out of any expenditure of the public money. That is, allowing all the stock that has been watered on the one hand, and allowing on the other hand all the capital that has been lost by bad investment in railroads, the country is paying on the cost of its railroad system an interest not to exceed at the outside five per cent. If the roads had been built on government bonds, they could not have been built as cheaply as they have been built under private management. You say that if the stock of the New York Central had not been watered the company could afford to carry freight cheaper than it does, because then it would not have to pay dividends on the watered stock. You leave out of sight, however, the fact that, if the company was prohibited from getting the advantage of the development of its road, the road would never have been developed, because the company would lose the whole incentive to gain. I have seen, in my own experience, lines that were earning the full legal dividends on their capital stock which seemed to lose all desire to earn anything more. Now, if you are going to have railroads operated by

the government, they can be operated on that principle; but if you are going to have railroads operated by private persons, you may depend upon it that those persons will not feel any incentive to development if you do not let them have all the money they earn by development. If you limit their profits, they will earn just up to that limit and stop. Unless, therefore, you are going to give up the whole system of competitive private management and turn over the railroads to the government, I am utterly unable to see how you can take away with advantage this incentive of private gain.

The CHAIRMAN. If the New York Central Railroad Company had not developed itself rapidly enough to do the business, another line would have been built.

Mr. ADAMS. And you would have had to pay the interest on the capital invested in that line.

The CHAIRMAN. But the result would be that the New York Central Railroad would cease to be profitable.

Mr. ADAMS. No; I think it would still have earned enough to pay the legal dividends on its capital stock.

The CHAIRMAN. But we would have two lines coming in competition with each other and doing the business at the lowest possible rate, whereas the New York Central now secures rates that enable it to pay dividends on its watered stock.

Mr. ADAMS. You have the Erie Railroad running right alongside of it.

The CHAIRMAN. O, no; not alongside of it. There is no great difference; but the Erie has many high grades, whereas the Central has but few grades, and those not of any great magnitude. The business people in the city of New York think that they have a right to complain in this matter. They want all the advantages of their position, and they want the city to grow by those advatages. They say that, owing to the fact that the New York Central Railroad Company has watered its stock and is paying dividends on that watered stock, they have not had the benefit of the development of business, but that it has been made a source of profit to private capitalists.

Mr. ADAMS. I think that the argument is based upon a fallacy.

The CHAIRMAN. Suppose that, owing to the great natural advantages of this city, freight can be carried here at half the cost that it is carried to Baltimore, would not that be an advantage to the men carrying on business in New York?

Mr. ADAMS. Undoubtedly.

The CHAIRMAN. That is the fact alleged, that if it had not been for the necessity of making rates that would produce a dividend of 8 per cent. on the whole watered stock of the New York Central, the advantages would have gone to the city of New York; we would have had freights cheaper, and New York would be doing more business, and thus the laboring people would all have employment.

Mr. ADAMS. I agree to that if you substitute the word "could" for "would," and if you say it could be so. But I maintain that the thing that makes the New York Central carry freight at half a mill a ton per mile is the fact that whatever the company gets in the development of its business belongs to its stockholders. If you are going to upset all this, and do business not for gain but out of public spirit, depend upon it you must go a great way further and make the State the owner of the railroad.

The CHAIRMAN. Is it not a fact that the railroad companies, having exercised the right of public domain, and having had sovereign franchises conferred upon them, are, to a certain extent, trustees for the State as well as for the private owners?

Mr. ADAMS. That is true in theory. What I mean is this: that the great incentive to the development of the New York Central is the fact that the company knows that the development is to be to its own profit. If you say to Mr. Vanderbilt, "It is your duty to benefit the city of New York by developing your railroad," I think you will find that that is one thing. But if you say to Mr. Vanderbilt that in benefiting the city of New York he benefits himself and his company, I think you will find that practically that is another thing. I have no objection whatever (if people wish to try it) to State management of the railroads; but, if you are to have private management, I do not think it is practicable, unless the gain of the management shall belong to the men who manage.

The CHAIRMAN. The allegation on the one side is, that when Mr. Vanderbilt came into possession of that property he said to himself, "I can develop this business and make it double." He issued certificates of additional stock to the amount of $22,000,000, and as he could make the road pay dividends on that twenty-two millions of dollars, he made twenty-two millions of actual wealth for himself. Now, the allegation on the other side is, that Mr. Vanderbilt was holding a franchise from the State of New York, and that, as the holder of such franchise, he was a trustee, and that he was bound, instead of watering the stock, to reduce the rates of transportation and to give the public the benefit of the business, because he was already getting an adequate remuneration for his capital (because the charter limited the rates of dividend on the various branches of the road to a certain amount), and that, therefore, in evading that provision of the law and watering the stock, he was violating his duty to the State. These are the allegations.

Mr. ADAMS. They are all theoretically true.

The CHAIRMAN. Then, if they are all true, has not the community a right to step in and restore it to the condition in which it would have been placed if the duties of the trustee had been properly performed?

Mr. ADAMS. They have a right if they can accomplish that result. But the question in my mind is purely a practical question. It is this: Will Mr. Vanderbilt or any other man carry more freight at low rates if there is no advantage to come to himself by so doing? The result of all the stock-watering has not been to increase rates. It has, on the contrary, made them lower. My answer, therefore, would be that as a practical result, the development, through which that money is earned by the New York Central, would not have been made unless there was an incentive for making it. Mr. Vanderbilt would not have built four tracks if he had been confined simply to his profit on the old two. He would say, "The road is a good property now. It earns all that the law allows us the privilege of dividing. We will let well enough alone. We will not develop, we will not increase our business. We will go on doing a comfortable business."

The CHAIRMAN. Has not the State the right, by intelligent supervision, to say to Mr. Vanderbilt, "The time has come when you ought to lay down more tracks and to do more business. Here is the great city of New York, with a population one-third of that of the entire State, at the end of your road. It needs this business, and you must do it." If there had been three commissioners, for example, such as you have in Massachusetts, to examine the thing, and to say that it must be done, could Mr. Vanderbilt have resisted public opinion?

Mr. ADAMS. I think that Mr. Vanderbilt would have said in answer to that that he differed in opinion with the commissioners; that he did not think it could be done; that he was a trustee for the stockholders; that he held the property for them; that he thought the development demanded was simply wild; that it would bankrupt his company; that the road was doing extremely well now; and that his duty as trustee would prevent his going into such a wild scheme. The tendency of my mind is practical. I think that the community gets its beneficial results from the fact that Mr. Vanderbilt laid down the new tracks, and he laid them down because he thought he saw his way to getting money out of them. If you had said to Mr. Vanderbilt, "Lay down your two extra tracks and you will have the consciousness of having deserved well of the republic," I think he would say, "I prefer my dividend which I am now able to earn; and the development proposed is a dangerous thing." But, if you say to him, "Lay down your two extra tracks; and instead of getting a dividend of 10 per cent. you will be able to earn a dividend of 20 per cent.," Mr. Vanderbilt would be very apt to say, I think, that he would lay down the two extra tracks. It is very much the same, Mr. Chairman, as in the case of your iron works. You will develop them if you think you can make profit by doing so, and not otherwise.

The CHAIRMAN. There is a difference in this sense. I am not a trustee for the public in any way; but these railway corporations are, to a certain extent, agents of the public, and they are amenable to the supervision of the public. Now, the question is, how far can that supervision be brought to bear upon them to advantage, so that they will not get excessive profits?

Mr. ADAMS. The whole railroad system of the country is a sort of rough system of equalization. And if you said to Mr. Vanderbilt that his capital represented $22,000,000 of stock which never went into the railroad, he would say, "Here are $40,000,000 of capital that did go into railroad building, and that has not paid anything. Now, is the country paying anything more for its railroad system than a fair price? Undoubtedly it is not."

The CHAIRMAN. But the city of New York does not see that. It sees that if it could have the business done at a rate which would allow Mr. Vanderbilt 8 per cent. on the actual capital invested in the railroad, on the actual cost of the property, it could have its business done at one-half the present rate of transportation, and it would have twice the amount of business, and there would be no empty houses and no unemployed laborers in the city.

Mr. ADAMS. The answer is that if you depended upon that public spirit to have this development made, it never would have been made. It was the incentive to gain that lead to the development.

The CHAIRMAN. And you think that the city of New York is better off than if it had undertaken to make it an offense to water the stock?

Mr. ADAMS. I think that if there had not been any means of conveying the increased earning from that road into the pockets of its private owners there never would have been any increased earnings. I decline to be put into the position in which your question would put me. I do not think that the property of the New York Central Railroad Company would have been developed as it has been developed except under the incentive of private gain, which is the most powerful incentive that can be applied to human beings.

The CHAIRMAN. To come back to Federal supervision, I understood you to say that

you think the time has arrived when Federal supervision over railroads might be very cautiously begun?

Mr. ADAMS. Yes; I think it would result in great good.

The CHAIRMAN. And you think that the publicity secured and the right of representation on the part of aggrieved citizens would in the end correct the abuses?

Mr. ADAMS. I think that through an intelligent discussion of the railroad question, and with the legislation which would be sure to follow it, the abuses would be corrected, so far as they can be corrected.

The CHAIRMAN. Do you see any danger to the people in the consolidation of these railroad properties under the control of a few persons?

Mr. ADAMS. I do not.

The CHAIRMAN. You think that the political power which they might exercise would be neutralized by their jealousy of each other?

Mr. ADAMS. Yes; I think that with consolidation comes the weight of responsibility. And in this country particularly the power of directing public feeling against large corporations more than neutralizes any power that can come from consolidation. In saying that I wish to say also that such has been the experience of other countries. It is only seven or eight years since Sir Henry Tyler, in one of his reports in England, expressed the idea that the time is rapidly coming when the government would own the railroads or the railroads would run the government; yet the commission of the Marquis of Salisbury, to which I before referred, very drily remarked, in reference to that apothegm, that consolidation of railroads had not been found to bring with it the political dangers which had been anticipated. The fact is that they have entirely abandoned that idea in England, and there the railroads are allowed to develop in their own way and to consolidate just as fast as they please. With consolidation comes such an increased responsibility, such an increased power of having public opinion brought to bear, that it is found that they are more amenable to control in the gross than they are in detail.

The CHAIRMAN. Do you think that the power of the railroad magnates over legislation has been diminished or increased in this country within the last few years?

Mr. ADAMS. We are in a very chaotic state in regard to this whole subject. We are in a state of change. I should, however, incline to the opinion that if any change has taken place within the last few years, it has been in the direction of a diminution of that power. I think you had some experience of it in Congress recently. I think that the Representative's fear of his constituents in regard to railroad corporations has very much reduced that power from what it was in the days when the *Credit Mobilier* was in operation.

The CHAIRMAN. I may say there that the railroad magnates seemed in the last Congress to be entirely powerless both in the Senate and in the House; for whatever they desired they did not get, and a great many things that they did not want were done, and yet they were notoriously active.

Mr. ADAMS. And their operations were reported as having been directed by men who had no scruples about employing any means in their power to influence results.

The CHAIRMAN. I was on the Pacific Railroad Committee last session, and so was Mr. Rice; and I was shown a letter in which the writer said that one of the gentlemen interested in a railway which had an application pending before Congress had been heard to say that he could control my position, as I had an interest along the line of his road which he could make worthless. That letter was brought and shown to me. I only mention it to show that the influences that you speak of were at work. Do you think that this committee should report that it would be advantageous to the general business of the country that the government should begin by the establishing of a commission at least to supervise and to report upon, and to investigate, and to act as a kind of board of arbitration in regard to inter-State railways?

Mr. ADAMS. I am not prepared to do so. As I understand, this is a committee to pass upon the question as to what relief should be given to labor. I am not prepared to say that that action would produce any immediate relief to labor. It is one of the good things generally, I think, that will come about in its own time; but whether it would produce any immediate effect on the prevailing depression of business I cannot say. I do not see any reason to believe that it would.

The CHAIRMAN. But, if it relieved business in the end from discriminations that are now injurious to it, it would be a beneficial thing in the long run?

Mr. ADAMS. Yes, in the long run; that is all that I meant to suggest.

The CHAIRMAN. Can the general government do anything that will prohibit these railway companies from making special contracts with private individuals, and giving them advantages which are not given to the public at large?

Mr. ADAMS. Yes; it can do something. But in order to do something effectually, it must proceed as a result of investigation into those evils and their causes; the legislation must follow, not precede, investigation. The first thing that we have got to do in this matter of inter-State commerce of railroads is to make a thorough and ample investigation of the trouble, and to find out where the root of it is. The diffi-

culty with all our legislation is that of endeavoring to deal with a disease before having studied its causes. That subject is one which has not been studied.

The CHAIRMAN. You prefer the English system of careful investigation by commissions?

Mr. ADAMS. Yes; by commissions. The literature of the Parliamentary committees in England on the subject of railroads is measured by the ton; and I do not think that they ever did any good to any one until this last commission came, a few years ago, which swept the whole old system aside, left theories alone and came down to concrete cases and to the practical investigation of concrete cases. There is where we have got to look. The whole theory of Granger registration (of a committee framing a bill to settle the matter) has got to be abandoned.

The CHAIRMAN. You want to apply the inductive method to railroads.

Mr. ADAMS. That is it exactly.

Mr. RICE. If Congress should undertake to enact a law that freights between intermediate and terminal points on a railroad should not exceed freights between the terminal points, or that one mile of railroad should not charge a greater amount of freight than any other mile, what do you think would be the effect?

Mr. ADAMS. It would be impracticable. That has been tried in all civilized countries.

Mr. RICE. Are such provisions as that among those that you say have been abandoned in England?

Mr. ADAMS. Yes; they have been entirely abandoned. They have been discussed by board after board to the point of weariness.

Mr. RICE. I am asking a question which Mr. Thompson would have asked you if he were here. The people of Western Pennsylvania complain that, between points on the railroads leading to Philadelphia and New York they have to pay higher freights than have to be paid to Philadelphia and New York from points farther west; and they desire, therefore, that Congress shall enact a law with some such provision as that which I have suggested. You do not see that that would be practicable.

Mr. ADAMS. I can only give our own experience in Massachusetts, which you are familiar with. That system was tried by the railroad companies in Massachusetts and has been abandoned by them in the face of public opinion, and owing to a better understanding of their own interests. One of my first experiences on the board of railway commissioners was this: I had a complaint from the western portion of the State, and I went up to the locality with that complaint in my hand, and saw the superintendent of the road. The road ran north and south. Goods coming from Chicago entered the road on its northern point, and went through to its southern point. Ten miles from the northern point the superintendent was called upon to deliver produce from Chicago. Under the system of through billing that produce was to go through to the southern end of the road, passing by the door of the factory where it had to be delivered. The manager of that factory said to the superintendent: "Deliver the goods to me here and save yourself the trouble of dragging them nearly ninety miles farther." The superintendent said: "Yes; but if I take the car off here, I shall have to charge you $25 more for not hauling it the whole length of the line. Or, I will haul it down to the point to which it is billed, and I will bring it back for you at local rates." I suggested to the superintendent the absurdity of such a course. I said: "The result of it will be, that you will drive everybody off the line of your road to the terminal points, and local business cannot live on your line." The man was utterly unable to take in the proposition. He said: "Of course, I am not going to allow every one on the line of my road the benefit of competing points; I am not a fool." I simply told him that he was a fool if he did not, because ultimately he would have no one on the line of his road except at competing points. I mention that merely to illustrate the state of things that then existed. All that I can say is that now, in Massachusetts, the practice you refer to does not exist; and it has ceased, not from any force of law against it (although we have had such a law passed, and endeavored to put it in operation with very ill success), but because the subject has been thoroughly and publicly discussed and the principle abandoned.

Mr. RICE. But, suppose that it had not been abandoned?

Mr. ADAMS. Then we should have kept on framing laws against it until we succeeded in framing one which met the case.

Mr. RICE. But you say that in nine cases out of ten publicity does the work?

Mr. ADAMS. Yes; in nine cases out of ten.

Mr. RICE. And that publicity can only be obtained by examination?

Mr. ADAMS. By examination by experts. These questions are very complicated, and require long study and careful observation in order to understand them. The difficulty is that our legislative committees, as a rule, cannot believe that the whole thing cannot be solved in five minutes, and the result is that laws are passed intending to solve the difficulty, which laws cannot hold water.

Mr. RICE. Are there not some cases where the rule does not hold good; that shorter distances shall not pay more than longer distances?

Mr. ADAMS. Certainly.

Mr. RICE. Are there not some cases of freight being carried from competitive points to competitive points at rates at which the road could not afford to carry freight generally?

Mr. ADAMS. Certainly. The question may be asked what does it cost a railroad company to carry a ton of freight a mile? You might as well ask a farmer how much it costs him to raise a potato. He will tell you that it depends upon how many potatoes he raises; that, to raise a bushel of potatoes would be a very expensive affair, but that a thousand bushels can be raised at a comparatively small cost per bushel.

Mr. RICE. Take the heavy freight from San Francisco to New York, which can be brought by water as well as by rail. Must not a railroad carry that freight (rather than lose it) at a less rate per ton than it can afford to carry all freight for?

Mr. ADAMS. Undoubtedly it must; but now we are approaching a question which requires a great deal of discussion and much investigation.

Mr. RICE. Something has been said before this committee as to the government purchasing the railroads, or possessing them in some way. I understood you to say something about it in the course of your statement. Do you think that it would be practicable and profitable for the government to buy, or in any way to become possessed of the railroads and to operate them?

Mr. ADAMS. No, sir; I do not. The question of State ownership of railroads is one that has been tried, and has been discussed; and it is a perfectly feasible thing. In certain countries where they have what you may call bureaucratic government, and where the political temper runs in that direction, it is a possible and feasible thing. In Bavaria, for instance, the government owns every mile of railroad, and the railroads are well managed. Prussia commenced the thing, but has rather withdrawn from it. Belgium owns the railroads in that country, and they are well managed. But these are countries where the temper and the political genius of the people lead them in that direction. In America, however, the tendency of our people is to individual enterprise and not towards doing things by the government; and, therefore, I have concluded (for I, myself, was a good deal bitten at one time with the idea of State ownership) as the best and most matured result of my mind that such a proposition is opposed to what is so vaguely called the political genius of our people. They do not run to doing things through executive machinery, and what they do through that machinery is apt not to be very well done.

The CHAIRMAN. What do you think about the management of the post-office?

Mr. ADAMS. I never have been a commissioner in post-office matters, and I would rather not venture an opinion.

The CHAIRMAN. If the government should undertake the operation of railroads, of course there would be a large increase of government officials; and I suppose your attention has been directed to the fact that government officials are too often used for political purposes; and you would not consider it desirable to have a rapid increase in their number.

Mr. ADAMS. I will limit myself to the answer which I have already given, that I do not think the proposition is in accordance with the political genius of our people.

Mr. RICE. A good deal has been said also in regard to the pooling arrangement between railroads. That arrangement is a fact, I suppose.

Mr. ADAMS. Yes, sir; a common-purse arrangement. They pool through rates.

Mr. RICE. Supposing there are several roads between competing points, it is a popular idea that the public gain by the competition, and that if the managers of those roads get together and, instead of competing with each other, pool the proceeds of their business, by some agreement between themselves, the public would suffer by such an arrangement. What is the result of your observation on that point?

Mr. ADAMS. That is one of those cases that exactly come under what I said before; namely, that I am not at all clear how it is going to come out. "Pooling," as it is called, seems to be a form of growth and part of the process of development. It is merely a phase of consolidation. Now, the result of consolidation, as hitherto carried on, has been that the community has been better served, and cheaper served, and more conveniently served than it had been served by disconnected lines. I am watching the operation with a great deal of interest, but I do not feel called upon, at present, to form any opinion about it. I want to see what that phase of growth is going to develop into.

Mr. RICE. You think that there is ground for the argument, then, that the public is served better and more cheaply by such an arrangement, under proper government supervision, than it is by fluctuating competition?

Mr. ADAMS. Undoubtedly. My mind tends strongly in that direction. It is a mere question between the evils that are incident to competition (such as violent fluctuation, &c.) and the dangers incident to a too great concentration of power. It would require some one much shrewder than I am to be able to express an absolute opinion one way or the other at this time; but the tendency of my mind is strongly in the direction I have indicated. I would allow this consolidation to go freely on, subject always to the public supervision and to all the publicity which can be thrown on it.

Mr. RICE. The business gain in the transportation of freight on the New York Central Railroad has been immense, and it has been suggested that that business was there to be done at all events; that so much wheat was to be moved from the West to New York, and that that business would have necessitated the improvements that have been made, and which, you say, were made because Mr. Vanderbilt desired to get additional dividends from them. It is said, on the other hand, however, that the business was there and would have necessitated those improvements at all events, and that, therefore, the public is really entitled to the additional income resulting from the business rather than the owners of the road. Did the business develop the road, or did the road develop the business?

Mr. ADAMS. That I am not prepared to answer. The business would have found other channels, either by the Erie Canal, the Erie Railroad, or otherwise. Mr. Vanderbilt has cut under canal rates and has taken away the business from that and other channels. I do not doubt that Mr. Vanderbilt's road has been an extremely profitable property. But he might have said, "On the whole this through business is not worth doing; I will live on my local business. The Erie Railroad may ruin itself by doing the through business if it likes, but I will not." There have been roads that have acted on that principle; I have known some of them in Massachusetts. I do not know that Mr. Vanderbilt might not have said, "I am not called upon to ruin myself for the sake of the city of New York. I have a sure, sound, local business that will always support my road, and enable me to pay all the dividends that the law allows me to pay, and I do not propose to run the risk of ruining myself if I cannot make anything by it." I am glad to have you recur to this question of stock-watering, for it is a difficult question, and I do not want to appear as defending it or as having anything to say about moral, legal, or other objections to it. I merely say that it was through the process known as "stock-watering" that the great incentive of private gain found its way to the development of the New York Central Railroad, and it is scarcely an open question in my mind whether, without that incentive, the development would ever have taken place. I do not think that the question about stock-watering is by any means so clear as it is commonly supposed to be, in the discussions which take place about it in the newspapers.

Mr. RICE. If the capital of the road had been limited to $40,000,000, and if he could get 8 per cent. on the local business of the road, you do not think it likely that Mr. Vanderbilt would have developed the road as he has done?

Mr. ADAMS. I think it far more likely that he would have said, "I will take my dividend of 8 per cent. and do only what is necessary to earn it. The Erie Railroad may do the through business. It is not worth my while doing it when I have all the local business that I want at good paying rates." I am inclined to think that the community would have found that the line of reasoning which the owners of the New York Central would have followed.

STATEMENT OF MR. CHARLES FREDERICK ADAMS.

Mr. Charles Frederick Adams appeared before the committee. He stated in answer to the chairman that he was a lawyer by profession; that he had been an enthusiastic student on the subject of the relations of capital and labor, and of the causes of the present depression in business; and that one remedy which he proposed to the committee was the establishment of a general system of Tontine associations. He stated to the committee his views on that subject in detail; and subsequently promised to reduce them to writing and furnish them to the committee.

STATEMENT OF MR. CHARLES F. WINGATE.

Mr. Charles F. Wingate appeared before the committee. He stated that he is engaged in the editorial business in New York; that for the last twelve years he has been connected with the press; and that, during that time, he has given special attention to the subject of the condition of the workingmen, and was now specially engaged in the matters relating to the condition of workingmen's homes. He was perfectly satisfied, from inquiry which he had made into the subject, that the statements as to the amount of destitution in this city and elsewhere were grossly exaggerated and were simply fabulous. He said that about May and December every year the newspapers sent reporters to the different charitable institutions, and that the result always was tremendous statements as to the awful amount of destitution. He had frequently seen the statement that this winter there were 100,000 people out of employment; but he thought it safe to say that there never had been more than 25,000 persons relieved in New York in any one year. The exaggeration arose from the fact that the same individual receiving assistance from various associations was counted by each of them, so that the number of really destitute was multiplied over and over again.

Mr. RICE. Do you mean to say that you do not think that there are 25,000 individuals in the city of New York who are at present in need of relief?

Mr. WINGATE. I mean to say that at certain periods (in the worst season) there may be as many as 50,000 people receiving help in this city, but the amount of help received by each is very small. It does not amount to two weeks each.

The CHAIRMAN. That is not my own personal experience. I am literally beset every day by persons out of employment.

Mr. WINGATE. How do you know that they are not impostors?

The CHAIRMAN. I know some of them not to be impostors. Some of them are very deserving cases indeed. I thought that you had got some figures to furnish the committee by which you could give us some definite information on this point. Conjectures do not amount to anything.

Mr. WINGATE. The shortness of the time at my disposal prevented my preparing a tabulated statement, which I will prepare and submit in writing. There is another fact which I desire to mention, namely, that a number of persons who are applicants for relief are frauds. A prominent gentleman has said that he has been overrun with applications for relief, and that, having taken the precaution to have the cases investigated, he found that seven out of ten of them were frauds.

The CHAIRMAN. That concurs somewhat with my own experience. I acted in the bureau of charity for a long time where visitors were employed, and, while they did not find the proportion of frauds that you state, they did find a very large number of them.

Mr. WINGATE. As to the question of the cause of the present destitution, I have some specific information. I think that sickness is the main cause of destitution. The English authorities are agreed that 70 per cent. of the pauperism there is due to sickness. I am satisfied that the sickness in this city is very largely due to the unsanitary condition of the dwellings of the poor; and one of the practical remedies that I would suggest is an enforced better arrangement of the dwellings of the poor.

The CHAIRMAN. But that is a matter for State legislation, and not for Federal legislation. It would be considered a great outrage if the Federal government should send officers to the city of New York to show people how to live.

Mr. WINGATE. But the Federal Government might instruct its citizens.

The CHAIRMAN. Is it your idea that the Federal Government should undertake to give sanitary instructions?

Mr. WINGATE. I do not see why the Federal Government might not have a Department of Hygiene just as it has a Department of Education or a Department of Agriculture.

The CHAIRMAN. But it is not generally believed that the Department of Agriculture is of any great value.

Mr. WINGATE. It might be possible, through the Smithsonian Institution, to diffuse sound information on the subject.

The CHAIRMAN. Certainly; but the Smithsonian Institution has now an endowment-fund managed by very intelligent men to do what they think best for the diffusion of knowledge.

Mr. WINGATE. But the information is not published in a popular form.

The CHAIRMAN. Through the universal newspaper press every subject is discussed in a popular form. I am astonished at the wonderful amount of learning shown by the newspapers about those minute things. There is no form of knowledge that does not appear in the ordinary newspapers of the day. It is simply surprising, and there is no way of reaching the people equal to the newspapers. I know that when the newspapers abuse me, every man in town seems to know it.

Mr. WINGATE. Another point which has not been touched upon, and which is one great cause of the present condition of the workingmen, is the want of technical training. That is a crying evil. It is the complaint of every man who has anything to do with workmen that they cannot get competent workmen. I heard a man say last summer that out of four hundred workingmen whom he had employed he could not find one capable of taking the foremanship. I think that in that field of technical training much good might be done.

The CHAIRMAN. You are aware that the general government devoted large amounts of public lands to colleges for agricultural and mechanical training, and that they have been more or less successful. You know, also, that we have in this State the Cornell University, and that there is a technical school in Boston. I agree with you that it is most desirable to extend that sort of education; but the general results (strange to say) of those endowments by the government for that purpose have not been satisfactory. Cornell University is an admirable institution. It was designed to give technical instruction to mechanics and farmers; but now it is a great university, like Harvard and Yale and other institutions. So it is all over the country. You find that institutions endowed for that purpose have not accomplished the object for which they were designed. It seems almost impossible for the Federal Government ever to accomplish the purpose at which it aims. I think that this must be left to the States, and towns, and villages. The Cooper Institute has tried it in the city of New York. That mode of work is so much more effectively done by private insti-

tutions than it can be done by the Federal Government, that no enlightened man would like to make a proposition to tax the people for purposes of the kind.

Mr. WINGATE. Would there be any objection to an institution of that kind like West Point or the Naval Academy?

The CHAIRMAN. Yes, unless for a definite purpose. We maintain those two institutions for those branches of the public service that must be carried on by the government.

Mr. WINGATE. There is another point which ought to be spoken of, namely, the want of thrift in workingmen. That is one of the greatest troubles to be contended against, and it is hard to say how it can be overcome.

The CHAIRMAN. It cannot be done by legislation.

Mr. WINGATE. I suppose not, except by legislation to prevent savings-banks and other such institutions from being mismanaged.

The CHAIRMAN. The people of the State of New York and of other States have done their best to prevent mismanagement, but there are inherent defects in human nature which cannot be guarded against.

Mr. WINGATE. I have nothing more to say except that one of the greatest causes in producing the present condition of the workingmen in this city is the element of corruption, the Tweedism that has prevailed here, and which has imposed enormous taxes on the community. The practical effect of it is that whereas a few years ago it was quite common to find mechanics owning their own homes in this city, it is now quite different, and to-day they are forced to live in tenements and to pay high rents.

Mr. RICE. Has universal suffrage a tendency to cure that evil?

Mr. WINGATE. I do not believe in universal suffrage except on an educational basis.

The CHAIRMAN. You believe in enlightened suffrage?

Mr. WINGATE. I do.

The CHAIRMAN. Have you read the recent discussion between Mr. Gladstone and other leading men, in the Contemporary Review, in which they say that they are driven to the conclusion that the common sense of the great mass of the people is better than the wisdom of the wisest man?

Mr. WINGATE. Yes; of the enlightened and instructed people.

The CHAIRMAN. No; they go farther. They say that the instinct of the great mass seems to be better than the wisdom of the statesman.

Mr. WINGATE. My experience is different.

Adjourned until to-morrow.

STATEMENT OF MR. FRANCIS B. THURBER.

NEW YORK, *August* 24, 1878.

Mr. FRANCIS B. THURBER appeared by invitation of the committee, and stated, in answer to the chairman, that he resided in New York, carried on business here, and was a member of the firm of H. K. & F. B. Thurber, transporters of food-produce.

The CHAIRMAN. Your business is conducted on a very large scale, I believe?

Mr. THURBER. Yes.

The CHAIRMAN. In regard to the subject which the committee has to inquire into—the causes of the depression in business and a suggestion of the remedies that will bring about a better remuneration for labor—every gentleman, of course, has his own special line of experience and study. The committee cannot exactly tell in each case how to begin interrogatories. We should be glad if you would begin yourself by making such a statement as will enable us to put questions to you.

Mr. THURBER. When I was told yesterday afternoon that I was to be heard this morning, I put together, in a general way, some thoughts which I have had on this subject; and this morning I had the manuscript set up in type in order that I might present my views to you consecutively, thinking that you would make inquiries on special points, and perhaps draw out some further information. With the permission of the committee I will read the matter which I have jotted down and had printed.

Mr. Thurber thereupon read the following paper:

I have some diffidence in appearing before your committee, where many older and wiser men than myself have already appeared; men who have not only thought much upon the subject under consideration, but some of whom possess the ability to express their thoughts in a clear and forcible manner. But I have been encouraged by the diversity of views here expressed, and which have been given publicity through the press, some of which I concur in and others from which I dissent, and if you will allow me I will state as briefly as possible, in a general way, what seems to me the chief causes for the unsatisfactory state of production and commerce generally, and the consequent complaints of the laboring classes. The general depression in business and the distress among the poorer classes have prevailed for several years, and it is not confined to this country alone, but exists all over the world. In a trip around the world which I took in 1876

and 1877, I found the same complaint everywhere of depressed industries, unremunerative business, and distress among the working classes. It is therefore, I think, fair to assume that there are some general causes beyond the purely local ones to which many are disposed to attribute our misfortunes, although these in different countries and localities,, of course, have a greater or less effect. I do not think that those are the wisest counselors who would attribute all our ills to the introduction of labor-supplanting machinery, or abuses in corporate organizations, or to the currency, or the tariff, or intemperance, and many other elements which have been brought to the attention of your committee, many of which have a greater or less bearing. In a general way I believe, however, that the primary causes of the ills which both the laboring and other classes are complaining of are the development of steam and electricity, which, in connection with labor-saving machinery, have within a comparatively few years revolutionized production and commerce, altered our manners and customs of life, and now absorb the attention of statesmen of the day in the adjustment of organic laws to meet the changed condition of the age in which we live.

It is not strange that our laws should not have kept up with these great changes, and that now and then there should come a period when an imperative demand should arise for the readjustment of some of the laws governing society. Steam power and machinery have vastly increased the producing capacity of the world, and it is but natural that markets should be more frequently overstocked than when the producing capacity was less. An overstocked market means a commercial crisis with all its attendant phenomena of declining prices, idle manufactories, and distress among operatives. It means that trade will be dull with merchants who supply those operatives with the necessaries of life, because the purchasing power of the working classes is greatly reduced; and in short it means a state of things just such as we and all the rest of the world have been passing through. The only remedy for this is to wait until consumption catches up with production again. This, in the present instance I believe, is nearly accomplished, and that we are about entering on a new era of prosperity. How long this will last, however, depends on circumstances. It will certainly not last as long as if the producing capacity of the world was smaller, and I think that we may certainly look forward for more frequent periods of commercial depression, with their accompanying labor troubles, in the future than we have had in the past. The laboring classes are therefore greatly interested in the question of production, and it is a legitimate sequence that they should seek to limit the number of hours of labor, or, in other words, increase the price which must be given for doing a certain amount of work, and also to limit the tremendous competition which they have sustained from machinery driven by the great forces of nature. I believe that there is a substantial basis for the dissatisfaction which exists among the working classes, and that, while some of their demands may be chimerical and impracticable, that others again are quite just, and must in one form or another be recognized. I believe that the legislation of the last quarter of a century has been more largely in the interest of capital and corporations than it has in the interest of the people, and that the poorer and middle classes are sustaining more than their share of the taxation necessary to the support of government. Capital naturally evades taxation wherever practicable, but there are some forms of taxation which cannot be evaded, and which fall with almost equal weight upon the rich and the poor.

For instance, our tariff taxes a portion of what we eat, drink, and wear, and our domestic productions which the tariff does not reach are taxed by our internal revenue, and largely by charges for transportation. This is one phase of taxation not generally appreciated or understood, but which is borne alike by the poor and rich. Every dollar in the shape of transportation charges exacted beyond what will pay a fair return for the capital paid in providing transportation facilities, is a direct, and, in my opinion, an unjust tax upon the public. How great this tax is may be inferred from the fact that the receipts of the railroads of this State as given in the report of the State engineer and surveyor exceed $90,000,000 annually, and I have seen it stated, and I believe it to be true, that probably one-half of this sum would pay 10 per cent. interest on the capital actually paid by stock and bond holders in providing these facilities. The entire revenues of the State derived from taxation are in the neighborhood of $8,000,000, and a great hue and cry is raised whenever it is proposed to increase this sum even for the most necessary purposes, while all the time the public are sustaining a taxation in the shape of excessive charges for transportation many times greater than the entire amount required for the expense of government. Of course the cost of transportation of persons and property is thereby greatly enhanced, and the price of leading articles of food made much higher than they should be. As one person can consume but about a given quantity of the necessaries of life, the poor man pays nearly as much of this tax as the rich man. The poor man is always the largest tax-payer in proportion to his means. If government is bad, and taxes are increased thereby, the owner of real estate generally adds them to the rent which he exacts from his tenant, who thus inevitably pays a large share of the taxes, even though he has no surplus store laid by "against a rainy day," and has to depend upon his daily labor for subsistence.

As regards the currency question, it seems to me that its importance is overrated by those who are clamoring for an increase in the circulating medium. These men overlook the fact that the great bulk of exchanges are performed by checks and drafts, and that both the paper and metallic money issued by the government do but a comparatively small amount of service in this way. All the paper and metallic currency in the country would not be sufficient to do the business which is transacted between the banks of this city by the aid of the checks and drafts which, through the clearing-house, are exchanged between them. Commercial credits also to a considerable extent assist in moving and exchanging the great staples of commerce. While, of course, it is possible to make currency so scarce that there will not be enough to affect the smaller exchanges which are done in a retail way, and the scarcity may be so great that it may occasion considerable inconvenience to the public, yet I do not think that this is the case at the present time to any great extent in this country.

As regards the tariff, while it is no doubt true that class interests are to some extent favored at the expense of the general public, it is in my opinion a great deal better to let it stand as it is than to be constantly tinkering at it and keeping the commercial community in suspense over proposed changes which might not be any improvement. Among the troubles which the commercial classes in this country have to meet are the frequent proposals for changes in the policy of administrations and political parties. Especially is this true of Presidential elections, of which the excitement and turmoil of one is no sooner over than the agitation for another is begun. The Presidential term should be lengthened to at least six years, which I believe would be a step in the interest of both capital and labor.

As regards the evils of intemperance, they are no doubt very great, and particularly so among the laboring classes. I believe that legislation may do something in the way of taxing heavily all spirituous liquors, but I think more may be done by substituting a lighter class of stimulants for those heretofore so largely used, and by creating a public sentiment in favor of temperance in its truest sense. Just how much legislation can aid in this as in other phases of the general subject remains to be seen. Legislation can do something, but not everything. It can investigate the evils of intemperance, and take such action as may seem wise thereon. It can examine into the effect of the labor-saving or labor-displacing machine, which is a non-consumer, and tax it or its product in favor of the human laborer, who is a consumer. It can correct radical wrongs in our tariff. It can investigate abuses which are alleged to exist in our transportation system, which are very great, and which great corporate interests that control our transportation system have thus far, to a great extent, prevented light being thrown upon; and upon the result of such investigation legislation can provide such regulations as will be just to all interests. The laboring classes of to-day, perhaps, expect too much from legislation, but certain it is that they are determined to have something, and I believe the sentiment of the community is generally in favor of giving them all that is right and practicable.

The condition of the laborer of to-day is greatly improved over that of the laborer of a half a century ago, and justly so. All civilized nations have made great strides forward in providing the material comforts of life. Whether the laboring classes have shared in this improvement to an equal or reasonable extent with the classes controlling capital is for your committee to ascertain. My own opinion is that they have not, and that some changes in our present laws will have to be made to meet the great changes which have, almost unnoticed and unrecognized, taken place during the last quarter of a century.

The CHAIRMAN. I understood you to say that legislation limiting the hours of labor was one thing which the working classes had a right to expect. Did you make it as broad as that?

Mr. THURBER. I meant to say that it was one of the things which had been asked by the laboring classes, and which, in my opinion, seemed quite natural. I think that there will come, sooner or later, either a limitation of the work done by machinery, or else there will not be enough work left to go around among the laboring classes. I mean work that is done by manual labor.

The CHAIRMAN. In other words, you think that what we term wealth or commodities will be produced by machinery in such excessive quantities that there will be very much less work for labor to do?

Mr. THURBER. I think that the circle of manual labor will continue to be narrowed, and that the tendency is in that direction.

The CHAIRMAN. That is a statement that the wealth of the world is being more rapidly added to than it could be by manual labor?

Mr. THURBER. I believe that that is true.

The CHAIRMAN. Is that a blessing or a misfortune to society?

Mr. THURBER. If properly distributed, I think that it is a great blessing. I think that in a few hands and not properly distributed it tends to dissatisfy the community generally, and that it may result in very grave troubles.

The CHAIRMAN. You say "properly distributed." These articles of wealth are mul-

tifarious, such as are consumed by society. The moment something is wanted machinery will be set to work in making it. How can there be any improper distribution of it? The more abundant it is the cheaper it will be. I you make it absolutely so abundant that everybody can have it and enjoy it, then there can be no improper distribution of it. In other words, is not the tendency to a proper distribution exactly proportionate to the cheapness with which commodities are produced?

Mr. THURBER. I do not think it is.

The CHAIRMAN. Can Mr. Astor, for example, consume by any possibility more than a certain amount of these commodities? When he has clothed himself, housed himself, and fed himself in the most expensive manner possible, can he make any personal inroad, to any extent, on this great mass of wealth produced by machinery? Would there not be still outside of him an unlimited mass for the public? How would Mr. Astor control that surplus, and what would he do with it? Would he lock it up?

Mr. THURBER. He might distribute it more or less fairly, and might lock up a large part of it. He might distribute it in a manner satisfactory and so as to confer a benefit on the community.

The CHAIRMAN. Would it not be an intolerable nuisance to Mr. Astor to make a great warehouse of himself, and does he, in fact, do any such thing? The moment he gets something, does he not try to get somebody to take it off his hands, and to pay him for it either in rent or in purchase-money? Must he not strive to get rid of these very things that are the products of labor and machinery?

Mr. THURBER. I do not think that the tendency of human nature is to distribute. The general tendency is to acquire and to lock up.

The CHAIRMAN. Mr. Astor is the owner of some hundred houses in New York City. Suppose he locked up the front doors of those houses and did not let anybody in, as a matter of course, they would be of no good to him. The distribution that he makes of them is to get tenants for them. So with every other kind of produce. What a man cannot consume himself he immediately tries to distribute, and the community gets its share of it.

Mr. THURBER. I think that it is the same with real estate as with merchandise, and that it is the desire of everybody to dispose of it with profit.

The CHAIRMAN. Suppose that the houses accumulate in New York to such an extent, owing to the perfection of machinery, that Mr. Astor could not find tenants for his houses, would not the result be that everybody would be able to have a house without paying rent for it?

Mr. THURBER. In the event of such a supposition being realized, that would be the result.

The CHAIRMAN. Then the more you approach to that state of things by the increase of the wealth of society, the lower will be the rate at which produce will reach the hands of the consumer and the more perfect will be the distribution. If things become valueless and you can have no revenue from them, as a matter of course everybody can take possession of them. Therefore the increase of wealth to which you have objected (by saying that machinery may do so much that there will be too much of everything, and that there will be no labor employed) is the very best thing to insure distribution through all the classes of the community, because it reduces the value of the commodity, and, therefore, reduces the inducement to take care of it.

Mr. THURBER. I do not think that that follows necessarily.

The CHAIRMAN. Is not that the tendency of the increase of wealth? You say that the condition of the workingmen at the present day is much better than it was fifty years ago. How has that happened? Has it not come out of this increase of wealth?

Mr. THURBER. It has; but you misapprehend me. I do not think that there is so much danger in the increase of wealth as there is in the way of its being evenly distributed.

The CHAIRMAN. But, as it becomes of less value (for the more of it there is, the cheaper it is), as it becomes more abundant and, therefore, cheaper, is not the tendency to a better and more equitable distribution than it was before, when it was dearer and less abundant? Is not that the inevitable result of cheapening commodities?

Mr. THURBER. That may be true as an abstract principle, but it does not follow that it will meet the question which I raise as to whether the working classes have shared in the general abundance that has been conferred by the great powers of steam, electricity, and labor-saving machinery, in an equitable degree.

The CHAIRMAN. If you find that their condition is getting steadily better during one, two, three, or four hundred years; and if, in every age, you find the average condition of the workingman better than it was in the previous age, is he not getting some share of those advantages?

Mr. THURBER. He is, undoubtedly; and it depends upon the relative share which he is getting whether it is sufficient or not.

The CHAIRMAN. The share which he gets proceeds either from natural or artificial causes. Of course you do not want to interfere with the natural causes. Now, can you point out to the committee any artificial causes that prevent the laborer from getting his fair share of the results?

Mr. THURBER. Yes; I think one cause is this: You have spoken of Mr. Astor as a man representing large wealth in one department of life. You might speak of Mr. Vanderbilt as a man representing large wealth in another department of life. Mr. Astor has acquired wealth in one way, and Mr. Vanderbilt in another. I think that you might take the Vanderbilt estate to-day as a type of a great many estates throughout the United States that represent the general facts in a lesser degree. When Mr. Vanderbilt gave up his steamship business and began the railroading business he was a comparatively poor man, his estate being estimated, as I have heard, at from five to ten millions.

The CHAIRMAN. Is that the standard, in the grocery trade, of poverty and wealth?

Mr. THURBER. We are talking about all these things comparatively. In fifteen years after that, at the time of his death, his estate was estimated at from eighty to a hundred millions. Now, I contend that that is more than a natural or legitimate increase. I contend that it was accumulated by an abuse of the transportation system as it now exists. It was accumulated by taking from the pocket of every man in the community a certain amount of tax in the shape of increased freight, beyond the sum which would have yielded a fair return on the capital of his railroad.

The CHAIRMAN. Next to your place of business is a corner grocery, and the man who is there may have been carrying on business for twenty or twenty-five years. At the end of that time he finds that he has accumulated nothing. He sees you move into his neighborhood, build a great establishment, and carry on business, selling the same products that he sells; and he finds that, in the course of a few years, Mr. Thurber has amassed a million of dollars. He says: "Now, look here; Mr. Thurber has put a tax on food products, the very basis on which society rests, on the things we eat; while I have been here carrying on business and got nothing. Mr. Thurber has taken out of this community a million of dollars, which is a great deal more than he had a right to do."

Mr. THURBER. I think that, on that supposition, the chairman makes a mistake, which is a very common one. In the first place there is a substantial difference between private enterprise and corporate enterprise. Corporations are granted certain privileges which private individuals have not, among them the right of eminent domain, the right to compel everybody to dispose of the property which the corporation wants at a certain valuation, even against his will. You give to a corporation certain privileges and impose certain duties. Again, the law of supply and demand works more legitimately in small business than in such a large business as providing facilities for transportation. A railroad is by nature a monopoly, to a certain extent. You cannot rely to the same extent upon the law of supply and demand to regulate the charges of transportation, and opposition to it is not so readily provided. It requires the gathering together of a large capital; and when you gather it and build an opposition line of railroad, the territory through which it runs will not perhaps be able to support two railroads. So that the same rule of supply and demand does not apply in the same degree in the one case as it does in the other. In the one case you can legitimately say that if one individual had tried as hard as the other individual, he might have accomplished the same result. I do not think that you can say that as applying to a railroad, or to any great organization of that character. I think that the general tendency of the times is toward large organizations. You may take it in the grocery business or any other line of business. The economies accomplished by great organizations have a bearing to a certain extent.

The CHAIRMAN. In every business the cheaper you can do it, the better for the community?

Mr. THURBER. Yes. But that principle cannot be held to rule in the same degree with private enterprise and with great transportation corporations.

The CHAIRMAN. Take the case of the New York Central Railroad Company. Is not that company to-day, and has it not been for the last two years, taking and delivering freights at a rate very much less than it was doing before Mr. Vanderbilt took hold of the line?

Mr. THURBER. Yes, undoubtedly.

The CHAIRMAN. Thereby cheapening the cost to the community. Have the people of the city of New York lost by this cheapening of the cost of transportation?

Mr. THURBER. I think that when you compare the relative cost of transportation with other things, and when the case is brought to bear upon it, you will find that it has not been cheapened to the same degree as other things have been cheapened; and you will find that the possibilities of transporting goods cheaply have been so much greater that it afforded an infinitely greater scope for the reduction of charges in that direction than has been offered for the reduction of prices in food products, or in many other products. The question of how cheaply goods can be transported has been receiving new light constantly from the time of the first invention of railroads down to the present day. This applying of steam to transportation gave such a tremendous margin of profit in the first place, that you can constantly keep reducing the margin

in a very large ratio and still leave more profit for the persons who control transportation facilities than you can in any other branch of business.

The CHAIRMAN. The original grant to the New York Central Railroad Company was made under a certain state of society which did not then possess the present great improvements in machinery. Mr. Vanderbilt was not the constructor of that road. He simply came in and bought it, just as you and I might have bought a piece of real estate. These improvements in machinery came along, and Mr. Vanderbilt took advantage of them. The result was a very large profit to him; because it is notorious that the road has been more profitable in his hands than it was in the hands of the original owners. He has used that profit and has cheapened the cost of transportation to the community. I can transport goods now on Mr. Vanderbilt's road for less than one-half of what I had to pay five years ago, and at less than one-fourth of the rate which I had to pay fifteen years ago. Mr. Vanderbilt has made money by these improvements just as anybody might have made money, by buying a piece of land near to which some public improvement has been unexpectedly made. In that case the man bought his piece of property under one set of circumstances, and he sells it under another set of circumstances, and thus makes a large profit. Mr. Vanderbilt in that sense has done no more than any private individual would do. While he does hold a fiduciary capacity to the community and is exercising a public franchise, the question is, whether he is using that franchise contrary to the organic law or contrary to the interests of the community. If he is using it contrary to the law, then it is the fault of every citizen who tolerates it. If he is using it contrary to the interests of the community, then it is necessary to show that the profits produced by the progress of things have not been fairly divided with the community and that he has not been performing the labor as cheaply as he ought to be performing it. As a matter of fact there has been competition, a steady competition, between railroads. That competition has been so great as practically to have made all the other lines unprofitable except Mr. Vanderbilt's, his profit being in the peculiar local position of his railroad, which he had the sense to see, just as you had the sense to see the value of your location when you put up your great establishment. Is Mr. Vanderbilt to be blamed or punished for that foresight?

Mr. THURBER. Did you allude more especially to the through rates or to the local rates of railroad transportation?

The CHAIRMAN. I alluded to all classes of rates. His local rates were largely reduced by reason of other roads being established which competed with him; for instance, that unhappy Midland railroad, which has been unable to more than live itself, unable to earn a dollar for anybody. That road still is a check upon Mr. Vanderbilt. And so with his through rates. His through rates have been kept down by the opposition of the Pennsylvania line, the Baltimore and Ohio line, and the Erie line.

Mr. THURBER. These remarks apply more fairly to the through rates than to the local rates. Local rates have not been so largely reduced as one-half or one-fourth.

The CHAIRMAN. I think they have; but the point is this: You think this corporation has got rights which it is abusing?

Mr. THURBER. Yes; I think it is the abuse, and not the exercise, of rights which the community has to complain of. You speak of Mr. Vanderbilt having acquired this property below its value. One of the excuses given for the watering of the stock has been that the property was worth more than it was capitalized for.

The CHAIRMAN. Suppose you should buy a cargo of tea to-day, and that, suddenly, owing to some unexpected event in China, it went up 100 per cent., you would water it—so to speak—that is, you would double the price of it in your shop?

Mr. THURBER. Are you not asking that question on the same principle as that in which you compared an ordinary transaction in merchandise with a railroad transaction? Now I claim that a railroad is entitled to a liberal return on the capital invested. I think that the maximum rate established in Massachusetts, and theoretically, I believe, in New York, of 10 per cent. is a fair one. I did not think it fair for Mr. Vanderbilt, in 1867 or 1868, to add to the capital stock of his road $47,000,000 to be distributed among the stockholders; and the dividends on which additional stock paid within the last ten years amount, with compound interest, to $52,000,000.

The CHAIRMAN. The amount stated yesterday as the amount of the watered stock was twenty-two millions.

Mr. THURBER. I think I can send you the history of the stock-watering of that road, which shows that in two years, 1867 and 1868, about forty-seven millions of watered stock was put into the New York Central and Hudson River Railroad.

The CHAIRMAN. If you saw fit to mark up your goods would it be anybody's concern but your own?

Mr. THURBER. In the first place, the reason that Mr. Vanderbilt gave for increasing the capital stock of his road was that the value of the road was increased; that its mileage had been increased; that its depots and rolling-stock had been increased. How had they been increased? They had been increased by the use of the surplus

earnings. And I claim that when a road is improved and made safe and convenient for the public by the use of its surplus earnings (earnings taken from the people), the rates should be reduced to a point which would only yield a reasonable return on the capital actually invested, instead of the capital being increased to a point to absorb all the profits.

The CHAIRMAN. Yesterday I was taking the other side of the question with Mr. Adams; I mean I was taking the side that you are now taking. To-day I am taking Mr. Adams's side. Mr. Adams's side was that Mr. Vanderbilt would have had no inducement to enlarge the facilities of his railroad for business under that state of things; that he would not have laid down four tracks; that there was plenty of local business to pay the 8 per cent. to which his profits were limited; that the community had gained more by this enlargement and development of the road in the reduction of the rates of transportation than it would have gained if the stock had not been watered; that the community had the benefit of it; that the State of New York had the benefit of it in one sense; and that we all had gained by it. Whereas, if your view were taken, that Mr. Vanderbilt had to limit himself to the dividend allowed by law, he would not have done anything to develop the road, but would have sat down and said, "This is my property; I am satisfied with it as it is."

Mr. THURBER. I think that if Mr. Adams should say that the transportation facilities were unsatisfactory, and that it was very desirable for the city of New York and for the State of New York that they should be increased, there might be a certain amount of truth in what he says. But the general opinion among railroad men is that the addition of this watered stock to the capital of the New York Central Railroad Company has not conferred any additional benefits on the community; that the doubling of the tracks has been entirely in excess of the wants of traffic; that the new tracks have not been employed to any great extent; and that, instead of its being a beneficial move of Mr. Vanderbilt's in the way of increasing cheap facilities to the public, it arose from his desire to increase his capital stock so that he could pocket this fifty-six million dollars which the dividends on the watered stock have amounted to, with compound interest, in the short time of ten years.

The CHAIRMAN. Grant that that was his motive. The question is: Has the community suffered by it? Has not the community gotten more facilities than it had before, and at lower rates than before?

Mr. THURBER. Suppose that Mr. Vanderbilt, instead of watering his stock, had reduced transportation rates to a point that would pay him 10 per cent. on his then existing capital, would not that have been a benefit to the community to a much greater extent?

The CHAIRMAN. No doubt, and the benefits to the community would be enormous if Mr. Vanderbilt was content to take 2½ per cent. instead of 10 per cent. But Mr. Vanderbilt was the owner of this property, and he said: "I propose to put that property in my pocket. All that the public has a right to ask is that I do its business and do it as cheap as anybody else will."

Mr. THURBER. That may be true. But in the first place I claim that railroad managers do exercise, to a certain extent, a public trust; that they have no right to fix rates at points which will yield them a large surplus revenue, which surplus they invest in improvements of their road, and then issue stock to represent those improvements. It is just the same as if I had the power to take from the public a certain amount of capital and then afterwards to charge the public with interest on that capital. I claim that it is only a question of degree. A merchant may be as selfish as a railroad manager, and under the same circumstances might act in the same way; but I claim that the public is entitled to certain protection from the workings of human nature, which, in the one case, can be made to operate to their detriment, and in the other case cannot be made to work to their detriment, owing to the fact that the law of supply and demand prevents their doing so.

The CHAIRMAN. We are sitting here representing the nation. Assuming that the advantages of Mr. Vanderbilt's road are so great that he can carry goods cheaper than any other railroad in the country between the West and New York, and suppose that you require him to do that sort of thing, and that it is done, must not the inevitable effect of it be to ruin the value of all the other property that is engaged in transportation between the East and the West? If he can do the work cheaper than they can, and is compelled to do it cheaper, and to give the public the benefit of it instead of putting it in the pockets of the stockholders, would not the other roads be deprived of their business and ruined?

Mr. THURBER. Not necessarily. The State of New York, of course, yields a very large local profit to Mr. Vanderbilt. He makes most of his profits from local traffic. The rates for local traffic are entirely out of proportion to those for through traffic That is generally admitted by railroad men. Now I claim that there should be a fair proportion existing between them; and I do not think that a fair proportion exists at the present time. I think that the people of the State of New York ought to have the benefit of those local rates to a just degree, from the fact that they furnish an enor-

mous traffic to this railroad, which no other road in any other part of the United States has. I think that a road in a sparsely settled country would be entitled to charge rates of transportation that would yield it 10 per cent., but I think that the people of the State of New York should have the benefit of their furnishing a large traffic to the New York Central, and not have the benefit of it to go into the pockets of Mr. Vanderbilt and his stockholders.

The CHAIRMAN. When I undertook the investigation of this question, I was met in this way: "You ask us why we do not put down local rates to through rates? Our answer is that we would lose money by it; that it would simply ruin us." (And the evidence is conclusive that they cannot do local and through business at the same rates.) I said, "Well, why not give up the through business and devote yourself to the local business and do that as cheaply as you can?" The answer was, "If we throw up the through business we cannot do the local business at as low rates as we now do it, because the low rates are in a measure due to the volume of trade, and we now get such a volume as enables us to keep our four tracks engaged at a profit, and enables us to do the local business at lower rates than if we had not the through business." And investigation led me to the conclusion that that was correct.

Mr. THURBER. I think that there is great truth in that argument, but I think that whenever strong points can be made in favor of the railroads, they have the ablest men in the United States to make those strong points and to bring them out, whereas the public are at a disadvantage, there being but few people who have the time or the opportunity or the interest to take up the question in the popular interest.

The CHAIRMAN. I took it up five or six years ago as a member of the chamber of commerce, and I confess that I never found an answer to this suggestion of the railroad company, and I do not find an answer to it now. In other words, if the through business were taken from the Central and Erie roads, they would have to charge higher rates for the local business in order to keep their roads running; and, seeing that state of things, I cannot see that we are justified in demanding that the local rates and the other rates shall be uniform. And when we abandon the principle of uniform rates, we must leave it to the judgment of somebody as to what the rates shall be, and it has been left to the managers of the railroads and to the restraining influence of general competition.

Mr. THURBER. The fault I find is this: that there has been no investigation of the facts. The cost of transportation is a thing unknown to the public; it is unknown perhaps to a great many railroad managers. Mr. Adams frankly states that it is an unknown quantity. Now I venture to assert here that Mr. Adams knows more to-day about the cost of transportation in the State of Massachusetts than he did before the Massachusetts railroad commission was established. What I claim is that this is a subject for investigation; that there is somewhere a golden mean—a basis that will come near to being substantially just to both the public and the railroads. I have no inclination to treat a railroad company any differently than I would be treated myself, provided our duties were the same; but I think that they are slightly different. I claim that we need light on this subject. We have been trying to get it for four years and have not been able to get it. Every attempt to get it has been smothered in the legislature. The merchants of New York, through their various associations, asked last winter an investigation of certain matters by the legislature. The question was taken up by the chamber of commerce and by other commercial organizations and by the municipal authorities and the mayor; but the legislature refused (through railroad influence) to give us the common right of investigation of grievances. And I say: If there is nothing wrong, why does railroad influence stifle investigation? If they are all right, why do they not give us investigation? It is to their advantage to let the light shine. If there is not something wrong, they ought not to shut out the light. I claim that the interest of the people is so great in this question that there ought to be a supervision of it in the interest of the public. The banking interest has had a certain supervision placed over it (not a close enough one), and here is an interest which, in its magnitude, overshadows the whole of them, and which has absolutely no supervision. The tendency seems in that direction; but the railroads fight it off. In the Railroad Gazette of last February was published a circular communication headed "Anti-supervision." It was sent to Mr. W. P. Shinn, one of the best railroad experts in this country, and he took up the question and sent a communication to the Railroad Gazette, giving his views as to why it was in the interest of the railroads and of the public that the light should be admitted. But, in every instance where it has been asked, it has been evaded by the railroad companies. I claim that we ought to have a competent national board of railroad commissioners with an auxiliary board in each State. I claim that there is no phase of taxation to-day so important, and bearing so hardly upon the industries of the people, as that of the railroads. Look at the exhibit of what the railroads in the State of New of York receive annually; and take it, if you choose, that they are only charging one-fourth more than they ought to charge, still that is double what the entire expenses of the State government are. In the investigation of this question of transportation, the further we have got into it

the more and more convinced we are of the great necessity of letting the light shine upon it. The great revenue of the railroad managers comes from outside auxiliary organizations, organized (as the chamber of commerce expressed it) and designed to deplete the revenues of the railroad companies before they reach their stockholders. I have no enmity to Mr. Vanderbilt, but it has been asserted over and over again that the Albany bridges are not a component part of the New York Central road; that every ton of freight that passes over those bridges pays fifty cents to the bridge company and every passenger ten cents; and that the revenue from those two bridges amounts annually to more than their entire cost. A resolution was introduced in the legislature last session asking a statement of its receipts from the bridge company for a past term of years; and that resolution was smothered. It is now resting in the hands of the attorney-general. A member of the legislature from the city of New York had the greatest difficulty in getting it to a vote. Take another instance. Take the [Merchants' Despatch fast freight line, the only non-co-operative fast freight line existing at the present time. I mean by non-co-operative what is not made up of cars owned by the different roads, according to their mileage. These cars are not owned by the New York Central Railroad Company, or, if they are owned by it, they are rented to the little ring that runs them. That I suppose to be one of the institutions that bring down the revenues of the New York Central so that it only pays 8 per cent. to the stockholders. So, again, take the Wagner Drawing-Room Car Company, the stock-yard companies, the lighterage companies, and the elevator companies, and all of them have this bearing. There are a dozen of branch lines (like this Spuyten Duyvil road) that have been put in at three times their cost and leased to the New York Central organization at a permanent rate of 8 per cent. on a perpetual lease. I claim that all these are abuses, and that they go to make up a case to show that the public have a legitimate cause for complaint. I say that these things should be investigated, that light should be thrown upon them; and if the railroad company has nothing to conceal, public opinion will see that it shall not be unfairly treated. I do not believe in any granger movements against railroads. I think that some of the granger movements in the West have been unwise and unfair. At the same time there was a substantial basis of complaint for these men, and public opinion has, to a great extent, remedied much of the evil.

The CHAIRMAN. Then you have come to the same conclusion that Mr. Adams came to yesterday: that it would be very wise to have a national supervision of the railroads?

Mr. THURBER. Yes. Mr. Adams believes that there should be a consolidation of railroad interests in order to regulate and make more uniform the transportation of the country, and he believes that that is one solution of it. Uniformity and stability of charges of transportation are very desirable things, but, in my opinion, they can be obtained at too high a cost; and I think that too high a cost would be the legalizing of the present inflated basis of our transportation system. I think that if you were to legalize combinations between the railroad companies on their present basis, it would require the establishment of rates of transportation at higher points than they ought to be, and higher than what is fair and right. I am in favor of waiting a while before we do that, so as to let railroad business down to the same hard-pan basis on which all other kinds of business are at present. I believe that we should establish a uniform basis which should be binding on the community; but I think that rates ought not to be established upon a basis that will yield 8 per cent. on the present capitalization of the New York Central Railroad Company, taken in connection with all of the other organizations which I have mentioned, and which are designed to deplete its revenues. I think it would be a public misfortune to do that. I have no doubt that the general tendency of our transportation system is toward consolidation. We can see it typified in the recent developments of Mr. Vanderbilt's road in acquiring Western connections and constantly extending them. I think it very probable that the future will see this country as it were portioned out between a few great organizations that will be almost supreme within their respective territories, the same as now exists in France and to a considerable extent in England. I should not like to see the apportionment made too quickly. I think the transportation should get down to the hard-pan basis before we can fix rates that would be just to the public.

The CHAIRMAN. Do you think that those railroads can resist an enlightened public opinion? Do you not think that the chief corrective will be to get knowledge of the facts?

Mr. THURBER. I do. I think there will be very little legislation required. Throw the matter open so that public opinion can have a free scope, and there will be little need of legislation.

The CHAIRMAN. In England that has been the final conclusion. There they have ceased to legislate about railroads; but they require the utmost publicity.

Mr. THURBER. I am aware of it. Mr. Adams forgot to mention that the English board of railroad commissioners have very wide and full powers; and they are exercising them in the interest of the public. Every time that a complaint is brought before them they investigate it.

The CHAIRMAN. But they have no power to regulate rates?

Mr. THURBER. Yes, they have, in many instances.

The CHAIRMAN. Where differential rates are made can they require the company to give the same rates to one man as to any other man, or can they fix the rates at which business is to be done?

Mr. THURBER. The law gave them that power, but I do not think that they have ever attempted to exercise it.

Mr. RICE. If one road should say, "We will do this business at such a rate," and another road should say, "We will do it at such a rate" (higher or lower), the railroad commissioners in England can say which rate shall be adopted by both companies. That is your idea, is it not?

Mr. THURBER. Yes; there ought to be no differential rates or discriminations.

The CHAIRMAN. They are forbidden by the law in England, and you think they ought to be forbidden here?

Mr. THURBER. I think so.

Mr. RICE. The power given to the English railroad commissioners is greater, perhaps, than would be tolerated in this country, because there the government assumes that it owns the railroads; that it has absolute power over them, not even restricted by the constitutional limits as to the right of confiscation. That right is almost overridden in England in regard to the railroads; and the commissioners there have extreme powers; powers more extreme, I think, than would be tolerated, or would be necessary, or would be advisable in this country.

Mr. THURBER. They have been working gradually up to it there—a process of evolution to a point which we may arrive at.

Mr. RICE. The railroad board there is really a judicial tribunal; it is a court; it hears cases; it has volumes of reports of decisions, just as we have reports of the decisions of courts in this country; and the powers exercised by that board are very extreme. They really extend practically to the fixing of rates, although I do not think that they do it in form.

Mr. THURBER. I have trespassed too long on the time of the committee, and unless you have some additional questions to put, I will retire.

The CHAIRMAN. I had other questions, which were, after all, only speculative, in regard to some positions laid down by you. But similar points have been made in the testimony of other witnesses. I do not know whether I understood you as saying that you would have a limit put to the accumulation of property in individual hands, especially in the hands of corporations.

Mr. THURBER. I would not like to express myself squarely on that proposition. I think that the tendency of the times is in that direction, and that, if that tendency continues for the next quarter of a century as it has for the last quarter, unless the statesmen of to-day can gradually ameliorate the condition of things, we may reach that point.

The CHAIRMAN. Suppose that Mr. Astor's property should increase in time so that he became owner of the entire city of New York, do you think that his position would be an enviable one?

Mr. THURBER. I do not think it would.

The CHAIRMAN. Then I think the evil will correct itself. When wealth comes to a point where it is troublesome to the owner, he will take some means of distributing it.

Mr. THURBER. I think that there are two extremes—the extreme of riches and possessions and the opposite extreme of poverty; and I have no doubt that the wisdom of the committee will reach some conclusion on that point.

The CHAIRMAN. But when you lay down the proposition that there is to be a limit to the accession of wealth, it raises up this whole question of communism at once. If it be true as to one amount, it is true as to any amount.

Mr. THURBER. I saw in a newspaper article the other day a calculation as to what Mr. Vanderbilt's estate would amount to in twenty-five years at the present estimated rate of increase (which I think is about five millions from the regular interest on the capital and about five millions more from the subordinate corporations which Mr. Vanderbilt controls), and that calculation made it foot up to nine hundred and twenty four millions in twenty-five years. Now, suppose this thing goes on indefinitely, perhaps the people will say, "Here, we will tax certain things in a certain way so as to prohibit this enormous increase of wealth." It may be reached in that way. I do not say that legislation should say that a man shall not have over a certain amount of property, but I think the people will be very apt to find some legislation that will keep down such accumulations.

The CHAIRMAN. Suppose we pass a law to-morrow enacting that Rutherford B. Hayes is hereby declared to be the owner of all the property in the United States. There he is, invested with the whole thousands and thousands of millions of dollars of the country. How would the relations of anybody to Mr. Hayes or of Mr. Hayes to anybody else be altered by that fact? Would we not be living just as we are living in

our houses, and would Mr. Hayes get anything more than his residence at the White House and his bread and butter?

Mr. THURBER. I think that that is very true.

The CHAIRMAN. That answers such a proposition as you lay down as to any rich man.

Mr. THURBER. I am not clear on that point.

The CHAIRMAN. I am carrying out your idea to the ultimate limit; and that decides the thing. And, after all, I doubt whether Mr. Vanderbilt has such a very good time with all this great wealth of his. He is absolutely overrun with business. He can scarcely get a minute to call his own. He lives the life of a slave. He administers the business of a great property which employs thousands of people who are tolerably well off. And Mr. Vanderbilt has what? A good house, a fast pair of horses to drive when he has the time to devote to driving. I doubt whether he enjoys his dinner half as much as anybody in this room does, although I have no doubt that he has a great deal finer dinner than anybody here can have. Yet there is the fact, that he is the servant of everybody who uses the New York Central Railroad.

Mr. THURBER. That is very true, and I fancy that you and myself and others, who have got beyond the point of any fear as to our eating and drinking, are very fond of stating that that is all that we have got in the world, but at the same time we are not willing to give up the surplus.

The CHAIRMAN. Society has to have these different places, and somebody has to fill them, and until somebody can point out a better mode to secure the general welfare than the present mode, we cannot proceed to legislate. If anybody can point out specific acts of legislation that bear harshly on one class, and that give special privileges to other classes, these are the things which we want to sweep from the statute-book. No man who has his head up wants to go down, nor do the people who are down want him to go down; but they want to get up themselves; and we all see that for hundreds of years past society has gone on improving and becoming better and better.

Mr. THURBER. I believe that that is quite correct, and I believe that men who would pull down before they see what they are going to put in the place of what is pulled down, are not the men who will command the support of the intelligent workingmen of this country. I think that some of the doctrines enunciated by the extreme radicals are such that they will not commend themselves to the good judgment of the average working men. I know many workingmen who perhaps work as hard and as long as anybody, and I have talked with them, and I must say that they take those things for pretty nearly what they are worth. You will not find that the laboring classes are going to be led off on a wild-goose chase to break up the present condition of society before they have another one to put in its place. Mr. White spoke yesterday of the great evils of speculation in business. I agree with him, so far as the evils of speculation are concerned, and I think that it is something which might be well considered by this committee, for the reason that it has a very material bearing on the labor troubles and on the commercial troubles. In fact the labor troubles are the result of commercial troubles. The speculation referred to is the selling of more than is produced; the selling of what is never expected to be delivered. Within the last few years the country has undergone great changes, and in no respect perhaps greater than in the selling of goods without ever expecting to deliver them. That speculation has gone from stocks into all articles of merchandise. Take the item of cotton alone, and there is ten times as much cotton sold as is produced.

The CHAIRMAN. Would you prohibit a man from selling what he does not own?

Mr. THURBER. I would prohibit the selling of what is not to be delivered.

The CHAIRMAN. How can anybody determine that question? Suppose I sell you 100 bales of cotton, how can anybody tell whether it is going to be delivered or not? If you come to me and say, "Mr. Hewitt, I want to be let off from that contract, and I will give you $1,000"; what is there immoral in that?

Mr. THURBER. It is precisely on the same principle as gambling.

The CHAIRMAN. No. Will you prohibit the selling of that which a man does not own? That is the test. If you buy from me to-morrow 100 tons of pig-iron which you want to use in September, and if you afterwards come to me and say, "Mr. Hewitt, I am very sorry, but my enterprise has collapsed and I do not want that 100 tons of pig-iron; will you not let me off?" What is there wrong in that?

Mr. THURBER. Suppose I buy 100 tons of pig-iron from you deliverable at a certain date, and that it is against the law for you and me to settle a difference without the actual transaction having been consummated; then there is nothing wrong in it?

The CHAIRMAN. Suppose you were going to build a store with an iron front, and that you want pig-iron, and I sell it to you in good faith, and that afterward you find that you cannot go on with your building, and you come back to me and say, "I do not want that one hundred tons of pig-iron," and I am willing to let you off, ought the law to compel me to deliver that one hundred tons of pig-iron to you and compel you to pay me for it?

Mr. THURBER. I think that, if it were necessary to make a law that an actual delivery should take place in every commercial transaction, in order to avoid the great

evils that have been accumulating and are accumulating on us in this way, I would go so far as to say that you should deliver me that one hundred tons of pig-iron, and that I should take it from you even if I should sell it again at a loss.

The CHAIRMAN. But what is to prevent us going through this operation—my complying with the law and then you turning and saying to me, "Mr. Hewitt, will you buy this back from me?" I say, "Certainly," and I buy it back.

Mr. THURBER. That might be.

The CHAIRMAN. I only want to show you that laws of that sort cannot be executed against the will of the parties concerned.

Mr. THURBER. But suppose you make a law that no such transaction shall be collectible in law, or can be enforced under the law any more than a gambling debt can be enforced legally, would not that remedy this extreme speculation in all the great staples, and which results in simply gambling operations?

The CHAIRMAN. I have got iron-works and I supply my people with pork and flour. If I go and make a contract with you for a year, and the prices of those things go up after the contract is made, and you come up to me and say, "This is a time contract and I will not deliver the pork and flour," what do you say as to the propriety of that?

Mr. THURBER. Is not that to be got around again?

The CHAIRMAN. Yes; you can get around things of that sort, and that is the difficulty with all that kind of legislation.

Mr. THURBER. I believe that it is within the scope of human ingenuity to form a law that will not interfere with the making of contracts for future delivery of goods where actual delivery is to take place, and that will discriminate against excessive speculation in products that are never intended to be delivered.

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VIEWS OF MR. SILAS R. KENYON.

Mr. SILAS R. KENYON, of Newark, N. J., appeared before the committee and stated, in answer to questions by the chairman, that he was an inventor and a practical mechanic—one of the hard-fisted sons of toil, and that one of the greatest causes of

the present depression in business was the want of confidence. The time had been, he said, when manufacturers would manufacture largely, and when their goods would be taken by the jobbers in large amounts; that hence a market for goods was made, but that that was not the case to-day to any extent, in consequence of the lack of confidence. The collection of the revenue was also very faulty; the American merchant having to pay for his goods and take them, while the foreign importer allowed them to go into bond and to remain there without paying duties on them until he was able to sell them. He was most strenuously opposed to a free trade. He thought that the producers of this country had a right to expect legislative protection; they could not protect themselves. He admitted that mechanics did not do their duty as electors. It was their duty to say who the law-makers shall be and what kind of laws they should make. This was the duty of the laboring men of the country, for they were by far the most numerous. The remedy was in the ballot in this country. Another difficulty was that there were too many men in the cities. The introduction of machinery and of improved implements had reduced labor to a great extent, or at least to some extent. As an instance of that he mentioned that ten years ago Massachusetts had thirty thousand more laborers employed in making boots and shoes than she has to-day, while she was now producing $72,000,000 worth more of boots and shoes than she did then.

The CHAIRMAN. Is not that a good thing for all the millions of people in this country who are not engaged in making boots and shoes?

Mr. KENYON. Certainly. That is right. Now, I propose a remedy for these thirty thousand people thrown out of employment in the boot and shoe business and for other thousands of people thrown out of employment in other lines of business. It is that they go upon the public lands of the country. I propose that the government shall furnish them the means of going there. That will make the public lands useful and will improve business, and the government will lose nothing by it. The institution of savings banks has been referred to. I am in favor of the government being the savings bank of the people; that is, I am in favor of the establishment of a savings bank in every post-office in the country, where the laborer can go and deposit his earnings and receive a small interest—3.65 perhaps. That will encourage the laborer and hold out inducements to him to save his earnings. In regard to the tariff, the people of this nation and of all other nations of the world, I think, are willing to have a foreign market for their products. We can expect no market for our manufactures except a market that we make at home, and we shall be obliged to make our own market. The laborers in the United States are a very different class of men from those that I have seen in Europe. You cannot bring the American laborer down to the level of the European laborer, and I am glad of it. Hence we cannot compete with Europe unless we subject the laborer of America to the starving prices of the Old World. The State of Massachusetts to-day has agents in every town in England trying to get up trade. The Fall River manufacturers have been pressing their goods, and have had their agents in London and other English cities.

Mr. RICE. And they are selling a great many goods there.

Mr. KENYON. Yes; but at so low a rate that the Fall River manufacturer cannot produce them with any profit to himself. Some of the mills in Fall River are closed and idle to-day.

Mr. RICE. That is owing to fraud and dishonest practices. It has been said, however, that Fall River manufacturers are able to make their cotton fabrics and sell them in London and make a slight profit on them; and the same thing is claimed by the manufacturers of other fabrics here.

Mr. KENYON. We had in 1870 ten million spindles in the United States and forty million people. The increase of the inhabitants has kept pace, perhaps, with the increase of spindles. Now Fall River manufactures three-fourths of all the print goods manufactured in the United States. The estimate is that one-third of the cost of these goods is labor, and, in order to sell these goods in a market where labor is less expensive than here, our labor must be reduced in cost. It cannot be otherwise. I think that these evils can be all corrected and the thing be made satisfactory by settling the western lands with a portion of our inhabitants. I think that it is practicable to encourage these unemployed men to go out there. When the crisis of 1873 came they had the means of going out, but they staid here waiting for better times, until they have exhausted all that they had, and now they have no means of getting away.

The CHAIRMAN. I understand your remedy to be an improvement of the savings-bank system, a colonization system by the transfer of surplus labor to the West, and a protective tariff. I did not understand you to say whether you wanted more protection than we have now or not. Do you desire more protection than we have at present?

Mr. KENYON. I desire a tariff sufficient for revenue, and I desire that the laborers of this country shall be protected in their rights and in their labor from the introduction of articles and goods from other countries where labor is in a very different condition to what it is here.

The CHAIRMAN. Practically you wish the prohibition of foreign products?

Mr. KENYON. No; I do not mean that.

The CHAIRMAN. We have got a tariff now that is supposed to be tolerably protective. Do you think that it should be higher or lower?

Mr. KENYON. The tariff on some things is perhaps sufficient now. All that we can produce at home should receive a sufficient protection so as to guarantee to our producers here that they will not be undersold by foreign competition. I come here to convey to you the feelings of the people of this country, and those feelings are that the government should be more economical; that it is too expensive; that it costs the tax-payer too much to run the government. The people are obliged to economize, and they believe that the government should economize also. I hope that the people will hold their servants to a strict accountability and to economy in the affairs of the government.

Mr. RICE. A great part of the revenue of the government is collected from duties on foreign articles (which you are in favor of), and from imposts on tobacco and whisky, which we are told people ought not to use.

Mr. KENYON. We collect about $160,000,000 of revenue. Now I pledge my honor as a mechanic that the mechanics and producers of this country would by far prefer to allow their productions to be taxed for the support of the government and for paying interest on the national debt rather than to have the government supported and the interest paid by importing goods that are produced by low-paid labor, while our laborers here have nothing to do.

The CHAIRMAN. Do you not know that every time that the Democrats in Congress have tried to introduce any measure of economy it was resisted by my Republican friends there, and that we could get no economical measure through?

Mr. RICE. We found that when the river and harbor bill came up, making appropriations for every Democratic district in the country, every Democratic member voted for it.

The CHAIRMAN. It was a bill appropriating $7,000,000 to be expended in employing the idle labor of the country in works of internal improvement; but I must say that I voted against the bill.

Mr. KENYON. We laborers are no longer to toe the line of any particular party.

The CHAIRMAN. I am glad to hear you say so, for I was a little afraid that my party was not going to support me; and now perhaps I shall get somebody else to do it.

Mr. KENYON. Another remark which I would like to make is, that there is too much bad literature printed in this country and too much of it read; and I am sorry to say that my friends the mechanics read and pay for three-fourths of it.

The CHAIRMAN. What do you think about the evidence taken before this committee; is that of a bad nature to be read?

Mr. KENYON. I am sorry to say that some of it will never hatch. Much of it I am inclined to believe we shall not receive any benefit from.

The CHAIRMAN. Do you think that this committee ought to have printed a good deal of what has been said here?

Mr. KENYON. I do not want anything that I have said printed. What I have said is free, "without money and without price." I have great hope and confidence (as my brethren throughout the State have) in this committee. I have more hope in it than in any committee that has ever been appointed by Congress in my day.

The CHAIRMAN. Do you think that, as Mr. Thompson got up this committee, the New York Herald should hold me responsible for it?

Mr. KENYON. The New York Herald very often holds folks responsible for what it ought not to.

Adjourned until Monday, the 26th.

NEW YORK, *August* 26, 1878.

The CHAIRMAN stated that he had received this morning from Baltimore a postal card as follows:

"Mr. HEWITT: Cannot you use your talents to a better purpose than to ridicule the laboring man? You have made it a point to gather up all the crazy men of New York and show them up as a sample of American mechanics, but we see through your contemptible game. You are a fraud, a bad counterfeit, and every intelligent man can see your game.

"JOHN PETERS."

He said: My object in reading that card is merely to relieve a false impression which seems to have got some currency in the newspapers. The individuals who have testified here during the first session of the committee were not selected by the committee. They were volunteers. The committee had met then for the first time. It had not

organized previously, and had no means of summoning witnesses, so that the witnesses who appeared before it were volunteers. Every man who chose to be heard had his name set down on a list, and they were all called. Therefore they were not brought here by the committee. They came of their own accord. If they made any exhibition of themselves that is not agreeable to American mechanics generally, that certainly was not the fault of the committee. The committee has tried to get workingmen who are actually engaged in business to come here and testify, but, thus far, the committee has not succeeded as well as it could have wished. And the committee wishes it understood that, if any working mechanic who actually earns his living by daily labor desires to present any views to the committee, either personally or in writing, the committee will be extremely glad to get them. The committee wants the views of such persons. During the last week the gentlemen who testified here came at the request of the committee. They were gentlemen eminent in their respective departments of business; the object of the committee being to get information in regard to all departments of business. The committee has no theory at all. Of course its members have some ideas of their own, probably differing from each other. But the object of the committee here is to get facts from whatever quarters they can be obtained. We have had many letters from workingmen who could not come personally. These letters have been all duly filed, and will appear, so far as possible, in the evidence to be published by the committee, as part of the work of the committee. These letters generally have only one tone, which will be shown when they are in print. That is, that while the workingmen have suffered from the depression in business, yet those who have been, as a rule, industrious, temperate, and careful, have sufficient work for the support of their families. There is very great complaint in all these letters that the workingmen are misrepresented by some of the statements made to the committee. They say that while they would be glad to see employment more abundant and wages higher, as a matter of fact, they are not discontented. That is the burden of a large number of these letters. The committee expects to sit until Wednesday next, within which time it hopes to be able to take the evidence of all who have been invited up to this time. The committee then proposes to have a session at Pittsburgh and another at Chicago. And the committee ventures to express the hope that employers and laborers will prepare themselves to give definite information to the committee. What the committee wants is not theories, but facts. We have, I suspect, exhausted every known theory for the organization of society. We have had these theories presented in every possible form; and now, what the committee would like to get at is definite suggestions from people engaged in business as to legislation of a practical nature. It is not part of the work of the committee to reform society, and we do not expect to accomplish it. Perhaps the next Congress may do something to remove the evils complained of. If witnesses will keep this in mind, they will add very materially to the stock of information which the committee desires to get.

VIEWS OF MR. CHARLES H. MARSHALL.

Mr. CHARLES H. MARSHALL appeared by invitation of the committee.

The CHAIRMAN. Please to state the business in which you are engaged.

Mr. MARSHALL. I am engaged in the shipping and commission business in the city of New York.

The CHAIRMAN. The house with which you are connected, and of which you are the head, has been in existence a great many years, has it not?

Mr. MARSHALL. Yes; between forty and fifty years. The line that I represent has been in existence ever since 1817—about sixty years. It was the first line that was formed immediately after the close of the war in 1815, although my family was not then in it. My father was not one of the organizers of the line, although he subsequently assumed control of it. It was called the Black Ball Line. At present it is no longer a regular line, as all the regular packet-ships have disappeared. They have been superseded by steamers.

The Black Ball Line was formed in 1817, and consisted originally of four vessels, which were, I think, the Amity, Pacific, Courier, and James Cropper, which sailed on the 1st of every month from New York and Liverpool.

This copy of an advertisement from the Globe, dated October 30, 1824, shows that line was increased to eight vessels, and that the sailing days were on the 1st and 16th of each month. They continued to sail thus regularly till about 1860, between forty and fifty years from the date of establishment. It was the first and the last regular sailing-packet service in the country.

"OLD LINE OF LIVERPOOL PACKETS.

"TO SAIL ON THE FIRST AND SIXTEENTH OF EVERY MONTH.

"The Liverpool packets having met with general approbation and support, t e owners of them have concluded to add to the number of vessels employed in that estab-

lishment; and they now intend that the following ships shall sail between New York and Liverpool, in regular succession, twice in each month from each port, leaving both New York and Liverpool on the 1st and 16th of every month throughout the year, viz:

"Ship New York, George Maxwell, master.
"Ship Columbia, James Rodgers, master.
"Ship Orbit, Joseph Tinkham, master.
"Ship Wm. Thompson, R. R. Crocker, master.
"Ship Pacific, S. Maxwell, master.
"Ship Jas. Cropper, C. H. Marshall, master.
"Ship Canada, Seth G. Macy, master.
"Ship Nestor, William Lee, jr., master.

"These ships were built in New York, of the best materials, and are coppered and copper-fastened. They are very fast sailers, their accommodations for passengers are uncommonly extensive and commodious, and they are commanded by men of great experience. The price of passage to England in the cabin is now fixed at thirty guineas, for which sum passengers will be furnished with beds, bedding, wine, and stores of all kinds. For further particulars apply to

"ISAAC WRIGHT & SON,
"FRANCIS THOMPSON,
"BENJAMIN MARSHALL, or
"JEREMIAH THOMPSON.

"October 30, 1824."

Published in the Globe, by John Mortimer, 74 South Second street, Philadelphia.

The CHAIRMAN. Then your connection has been mainly with sailing-vessels?

Mr. MARSHALL. Mainly with sailing-vessels, and with steam-vessels so far as foreign consignments are concerned. But I have no steam-vessels of my own, nor have I any interest in any.

The CHAIRMAN. The branch of the business with which you have been so long connected is not prosperous?

Mr. MARSHALL. No, sir; it is almost in a state of death.

The CHAIRMAN. Very many statements have been made to the committee about the misfortune of having the shipping interest of the United States go into decay, and various suggestions have been made for the restoration of sailing-vessels. You were present one day when that suggestion was made, and you replied to it at the time. If, in your own way, you will explain the position of the shipping business in this country, and of foreign commerce, and make such suggestions as you think will tend to the general benefit, the committee will be glad to hear you.

Mr. MARSHALL. Before making any remark, Mr. Chairman, and before answering any questions that you may be pleased to ask me, I desire to say that I am not a large ship-owner. I have had connection with the commerce of the country ever since I went into business, fifteen years ago. My father, prior to his death, was engaged in carrying on business of that kind for something like thirty years. I am happy to say that I am not a large ship-owner, because the more shipping interest a man owns nowadays the poorer he certainly is. Nor am I a large capitalist in any sense of the word. I acknowledge that I am one of the "bloated" bondholders; but as the bloat is not external, it must be mainly internal. I certainly am not ashamed to own some of the obligations of my country, and I have too much confidence in the faith and integrity of the government ever to imagine that it will repudiate, or seek to evade, the payment of a dollar of its just liabilities. I would like to remark, in passing, that I am not one of those who look upon the efforts of this committee as being nugatory and futile; nor am I one of those who sneer at the evidence given before the committee by those whose views differ very widely from my own. I have noticed that some of the newspapers have characterized some of the evidence given before this committee as the evidence of a set of lunatics. Now, I do not think that such is the case. I think that the evidence given before this committee is the enunciation of the distress that pervades this country—a distress which is very much exaggerated, no doubt, but which is certainly real and pressing. I have no doubt that the laboring man is more pinched in regard to his ability to obtain a living now than he was ten years ago; and I think it is the duty of every man who has an interest in society not to turn a deaf ear to the utterances of the workingmen, even though they may be imperfect; but, on the contrary, to listen to them attentively, and, if possible, to suggest some remedy by which the distress may be alleviated.

The CHAIRMAN. You think that these complaints may be "the voice of one crying in the wilderness" to express a distress which they do not know how to account for or remedy?

Mr. MARSHALL. I think it is. It is the voice of the people, who know that they want a remedy, but who do not know where to find it; and if they are obliged to listen to the counsel of leaders whose projects would only succeed in involving them

in distress infinitely more miserable than that which they now suffer from, of course their condition will never be improved. And they will listen to that counsel unless other counsel is given to them, and unless other leaders come forward and suggest some tangible mode by which to escape from the present prostration in business. I therefore think that the work of this committee will be eminently useful, notwithstanding a great deal is said before it in which I cannot concur. Still, certainly its outgrowth will tend to good; and although I have not had occasion to praise Congress very much for what it has done, I think that, in appointing this committee, it has acted wisely and rightly. I do not know whether you wish me to confine my views entirely to the question of the shipping business, to the decadence into which it has fallen, and to the remedies which I consider necessary for its revival; or whether you wish me to answer questions in relation to the general depression in business.

The CHAIRMAN. As you are recognized as an expert in the shipping business I think that if you would, at the outset, explain your views in regard to the shipping business of the country, it would be best. And after that, we may take up some of the collateral points.

Mr. MARSHALL. I suppose it is well known to almost every one in this room that the United States, prior to the war of 1861, was one of the foremost commercial nations on the globe. Its maritime tonnage engaged in foreign trade was only exceeded by that of Great Britain, and was very slightly exceeded by that of Great Britain, and it promised in a few years to rival if not to surpass the tonnage of its great competitor. There were reasons why the United States made such rapid strides in commerce, and those reasons may be briefly summed up in a few words. We possessed at that time the material out of which vessels were constructed, which was wood. The forests of this country furnished all the material necessary for the construction of vessels. American ingenuity and American invention were most important factors at that time in the development of the country's greatness, and they took part in that particular branch of industry. Add to all this the fact that the tendency and tastes of the people were in the direction of a sea-faring life, and it is no wonder that this country, having the material close at hand from which it could build ships better than any other nation, and having this progressive tendency in a commercial direction, was able not only to hold its own, but to rapidly increase its tonnage, and to hold out the promise (which would have been fulfilled had it not been for the events of the war) that that tonnage would surpass the tonnage of any nation of the globe. We went on constructing wooden ships for a series of years. We could furnish fast ships. We carried the products of this country to the East and brought back those from China. Our clippers covered the Pacific and the Eastern oceans, and between England and America went lines of packet-ships that were celebrated in their day, and that absorbed not only the cream of trade, but carried the mails, until the inauguration of steam. This state of things went on so long as we possessed this cheap material for building ships, but a transition took place about 1850 to 1855, when it was demonstrated that iron could profitably be used as a material for ship-building. At that time this country had no large development of iron industry, but England, on the contrary, had a very large development of iron industry; and when this discovery was made, the English, profiting by it, of course commenced to construct ships of this new material. The United States, on the contrary, went on constructing vessels of wood; and, although the impetus which we had gathered by our previous commercial progress still continued to carry it on until one or two years after the war began, still the elements of our commercial decadence were then existing, and the result was certain, so far as England being able to supplant our wooden ships by iron ships of an improved construction. Then the war broke out and the ocean was covered with privateers; or, if not covered with privateers, certainly there were enough of them to make ship-owning interest very hazardous property. Capital refused to embark any longer in shipping enterprises, and the amount of our tonnage engaged in foreign trade sensibly diminished. After the war England had gained so far upon us in the construction of iron ships and steamers that it was very difficult for us to regain the ground which we had lost. During the war (after 1860) there was another cause which was operating to prevent us recovering our lost ground. The tariff, which was passed shortly after the secession of the Southern States from the Union, largely augmented the duties on all articles entering into commerce and on all articles used in the construction of ships and steamers. Therefore, the cost of constructing wooden vessels being very much enhanced, and the navigation laws (which dated from 1789) forbidding American citizens to purchase ships abroad and to register them under the American flag, we were placed between the two horns of a dilemma. On the one side we could not construct ships, as they cost too dear; and, on the other side, we were forbidden to take advantage of the progress which England had made in marine architecture, and to buy our vessels in the English market. The decadence of American commerce was the sure result, and it needed no prophet to foretell what it would ultimately come to. That condition of things has gone on ever since 1860, during which time our tonnage has very sensibly decreased. In 1860 we had 2,379,396 tons of registered vessels (that is, vessels engaged in foreign trade), and 2,599,373 tons engaged in

the coastwise trade, making an aggregate of very nearly 5,000,000 tons of shipping. In 1877 the tonnage of our registered vessels had fallen to 1,570,599 tons, and of our coastwise vessels to 2,488,189 tons.

The CHAIRMAN. The coastwise business has fallen off, too.

Mr. MARSHALL. It has fallen off as well, although not in the proportion of the foreign tonnage. The registered steam tonnage at present engaged in foreign trade is only 190,133 tons, and these are steamers that ply mainly on the Pacific. It includes, of course, the Philadelphia line to Liverpool, which is the only line of American steamers plying between this country and Europe under the American flag. The remainder is made up of vessels trading to the West Indies, &c. The American foreign tonnage entered at the port of New York (that is, tonnage entered at the custom-house, the same that comes and goes and is entered over again, but at the same time shows the relative growth and advance of tonnage) was, in 1860, 5,921,285 tons, and of foreign tonnage 2,352,911 tons; so that there was an excess of American tonnage over foreign tonnage of 3,567,374 tons. That continued (although gradually decreasing until 1863), when we had an excess of American tonnage entered in this way of 1,974,320. Then the tide turned. Then the foreign tonnage began to be largely in excess of the American tonnage, until in 1867 the foreign tonnage exceeded the American tonnage by nearly two million tons; and in 1876 the difference in favor of the foreign tonnage was 5,287,876 tons. That shows the decadence of the American shipping interest and the advance of foreign tonnage so far as England is concerned.

The CHAIRMAN. Are we the only commercial country that prohibits the purchase of ships and steamers in foreign countries?

Mr. MARSHALL. We are the only one. All countries, even Japan, have repealed all restrictions in that respect. I think that we are the only government that prohibits its citizens from buying steamers and ships abroad, where they can procure them cheapest, and running them under the flag of their own nation. I think, Mr. Chairman, that the example of other countries in that respect is eminently useful to us, although there is a tendency among us rather to decry and look down upon the experience of other countries in their commercial relations. An eminent Senator recently expressed himself to this effect: "What has this country to do with foreign countries?" Now, on the contrary, I am clearly of opinion that this country has a great deal to do with foreign countries. The same laws must obtain here, so far as the regulation of trade and commerce is concerned, that obtain in other countries. There are lessons to be derived from the experience of other countries to show us the proper path to pursue. The progress of English shipping is very extraordinary. You are aware that prior to 1849 the same restrictions obtained in England in regard to the purchase and registry of vessels that obtain here at the present day. The old navigation laws, which were the embodiment of stupidity and ignorance, were a direct impediment to the progress of commerce in England; but in 1849 those laws were entirely swept away; and at the present moment the carrying trade in England is as free as any other department of industry. An American citizen can go to England and embark in the coasting trade there if he likes, or he can purchase a ship wherever he chooses and register it under the English flag. In fact, the carrying trade in England is open to the citizens of foreign countries on the same terms as it is to its own subjects.

The CHAIRMAN. Do you propose to discuss the advantage or the disadvantage of that policy?

Mr. MARSHALL. I merely go on to show you that since the removal of these navigation laws the tonnage of England has increased.

The CHAIRMAN. What do you bring forward as the chief argument in favor of abolishing all navigation laws and opening transportion (coastwise and oceanwise) to all the world? What advantage is it to a people to have that state of things?

Mr. MARSHALL. The primary advantage to a people in abolishing all restrictions (I mean so far as the foreign trade is concerned, where competition is general) is that it enables citizens to obtain its tools, its implements of industry, where they can get them cheapest. For instance, at present it costs to build an American ship of wood (and I believe there never has been but one iron sailing ship built in the country, the "Iron Age," although there have been iron steamers built) is about $50 to $55 a ton. It might be done somewhat cheaper, but the work would be inferior. To build a first-class American wooden ship, capable of engaging in the North Atlantic trade, will now cost $50 to $55 a ton; and that is very much cheaper than the same ship could have been built for ten years ago. Ten years ago it would cost from $80 to $90 a ton. I built a ship a few years ago which must have cost me from $80 to $85 a ton; but I am told that a first-class ship can be constructed here now of wood for $50 a ton. Now, on the Clyde you can construct a first-class iron ship with an East Indian outfit complete for from £12 to £13 per ton, which is somewhat more, it is true, than the cost of a first-class wooden ship here. But the iron ship possesses immense advantages over the wooden ship. In the first place, it receives a class in the Bureau Veritas (the first underwriting agency in the world) of twenty years; that is, she has a life, so to speak, before her of twenty years, during which time she is not subject to any examination

except in case of accident. Now, a wooden ship can only receive from the same classification a life of nine years, during which time she is not subject to any examination—less than one-half of the life of an iron ship. An iron ship is practically indestructible if she is kept off the rocks and is not allowed to touch bottom. An iron ship is taken out of water once a year, her bottom covered with paint, and she is put into the water again. Her lower yards are constructed of iron, her rigging is constructed of iron; and there are no repairs to be made on an iron ship unless she runs ashore. But a wooden ship, on the contrary, is all the time deteriorating. It requires repairs constantly. And the repairs on a wooden ship are an immense outlay, and a large deduction from the returns made on the capital invested in it. Now, we build no iron ships in this country. We build a few steamers for the coasting trade and for the foreign trade, the largest of which are in the line running from Philadelphia to Liverpool. But, practically speaking, we have no iron ship-building industry in this country.

The CHAIRMAN. Have you any knowledge as to the cost at which iron steamships can be built here at present?

Mr. MARSHALL. I have no positive information in regard to that; but I have been told by Mr. Gaus, the vice-president of the Harlan and Hollingsworth Company, at Wilmington, that an iron ship can be built in this country almost as cheap, if not as cheap, as she can be built on the other side. While I do not mean to dispute his assertion, my own impression is that there is a difference in the cost, and that an iron ship cannot be built in this country as cheaply as on the other side; but she can be built very much cheaper than she could be built a few years ago.

The CHAIRMAN. If an iron ship can be built in this country as cheaply as she can be built abroad, would there be any impediment in our engaging in ocean navigation in competition with Great Britain so far as the cost of the ship is concerned?

Mr. MARSHALL. If iron ships can be built as cheaply here as on the other side, there is no practical impediment to an American ship-owner supplying himself with iron vessels; but I am very much in doubt whether iron ships can be built here as cheaply.

The CHAIRMAN. I have seen the same statement as that made to you, and I confess that I also doubted its correctness, and it was for that reason that I asked the question. If any of these iron ship-builders will come before this committee and give evidence on this subject, their evidence will be received with great satisfaction; and if they cannot be got in any other way, we will subpœna an iron ship-builder in order to ascertain that fact, for it has an important bearing on the subject.

Mr. RICE. What is the comparative character of the work on an iron ship built in this country and on an iron ship built abroad?

Mr. MARSHALL. I am told that the work here is exceedingly good.

Mr. RICE. I have been told that the work abroad was inferior to it.

Mr. MARSHALL. I have not any definite knowledge on that point; but it is claimed by constructors of iron steamships that they can turn out a class of vessels equal to any built upon the Clyde. Whether they can do so or not I am not able to say.

The CHAIRMAN. There can be no reason in the world (I mean no reason in nature) why an American-built iron ship should not be as good as any other iron ship built abroad. It must be gross carelessness if she is not.

Mr. MARSHALL. No; I do not think there is any reason why in time there should not be an equalization of construction, and why we should not construct iron ships in this country as well and perhaps as cheap as they can be constructed on the other side.

Another advantage which an iron ship possesses over a wooden one is that the carrying capacity of an iron ship is very much larger—I mean its carrying capacity so far as dead weight is concerned. That, of course, is another form of remuneration for the iron ship-owner which the wooden ship-owner does not possess. Iron ships now have, all over the world, a preference, so far as rates of freight are concerned. In California an iron ship will command from two and six pence to five shillings a ton for grain more than its American wooden competitor. So, taking all these things together—the primary cost, the larger carrying capacity, indestructibility, and the duration of life (so to speak) which the iron ship possesses—and adding to them the fact that an iron ship obtains preference in the rate of freight, all this constitutes an immense element in favor of the foreign iron ship-owner. And although to-day shipping interests all over the world are very much depressed, yet we see on the Clyde a considerable activity in iron ship building. Iron ships can now be constructed so cheap and the abundance of capital in England is so great, that persons of small means are putting some of their money into the building of iron ships, in the hope that the trade of the world will improve and that they will profit by their investment.

The CHAIRMAN. I have seen it stated that there are thirteen hundred steamers lying idle in England waiting for bidders. Have you any knowledge about that?

Mr. MARSHALL. I fancy that there are a good many. There is, of course, a great deal of unemployed tonnage in England. Many of the steamers, no doubt, that are not being run by their owners are of a more primitive kind, so far as economy of fuel is concerned and so far as the expenses of running are concerned, than the steamers

which are being constructed at present. The whole tendency on the other side has been in the direction of economy in running and enlargement in space allowed for cargo. Small consumption of coal and large space for cargo are the two elements which are most eagerly sought for by the Clyde ship-builders.

The CHAIRMAN. Now for the point which I asked you about originally: What object has a nation (independently of owning ships) in making its commerce absolutly free to all customers? Does it cheapen commodities? Does the consumer get them any cheaper by bringing all ship-owners to the same level and having no exclusive legislation?

Mr. MARSHALL. Undoubtedly he does.

The CHAIRMAN. Have our navigation laws interfered (in view of the general depression in the shipping business) with getting our business done more cheaply than it would have been done without them? I mean the ocean carrying trade.

Mr. MARSHALL. I think that the navigation laws have not interfered very extensively, so far as cheapening the transportation of commodities is concerned; because the field that would have been occupied by American ships has been filled by foreign ships; and, therefore, while the amount of tonnage of the world is largely increased, and while the amount of tonnage is about proportioned to the amount of commodities transported by it, still the great detriment that has ensued to the country has been in the decadence of its shipping interest, and in there being thus thrown out of employment a large number of people dependent upon commerce as a means of livelihood, and the freight given to foreign competitors.

Mr. RICE. Up to the time of the introduction of iron ships, and up to the time of our war, notwithstanding the navigation laws, our shipping was prosperous.

Mr. MARSHALL. Yes; and I accounted for that by saying that the material out of which we constructed ships was close at our doors, and that we possessed advantages in that respect over England, who had no material of easy access. England had to construct her wooden vessels at a disadvantage, just as we had to do in constructing iron vessels.

Mr. RICE. It was the introduction of iron, then, that, to a great extent, has made the change?

Mr. MARSHALL. Yes; I ascribe it to the introduction of iron as a materia lin the building of vessels, together with other causes.

The CHAIRMAN. Assuming that we had had no navigation laws, would not the English have still done this business for us more cheaply than we could do it for ourselves?

Mr. MARSHALL. I think that, if we had no navigation laws, we should have gone abroad and purchased iron vessels on the Clyde, and in that way we would have had a merchant marine constructed of iron and not of wood.

The CHAIRMAN. Would not the war have equally taken that merchant marine from the ocean?

Mr. MARSHALL. Yes; the war would have been an equal adverse element in both cases.

The CHAIRMAN. Then we have to take the state of things after the war. In that state of things, could the American capitalist, paying a higher price for capital, and higher wages to all whom he employs in business, compete in the open market with the English ship-owner?

Mr. MARSHALL. You mean if the navigation laws had been repealed? I think he would still have been at a disadvantage.

The CHAIRMAN. Take the navigation laws out of the way, and suppose that, at the close of the war, we had no navigation laws at all. Our capital, on the average, was worth 7 per cent., while English capital is usually worth only 4 or 5 per cent. at the outside; and then the cost of supplies and other necessary materials being dearer here than there, could we have competed with the English for the carrying trade of the ocean?

Mr. MARSHALL. We could have competed to a certain extent. We have competed since that time to a certain extent. We have built ships since the conclusion of the war. We have gone on competing with England, but at a great disadvantage. We would have had the same disadvantages if we had been permitted to go to the other side and purchase ships, which you have enumerated, so far as the high rates of capital and the difference in expenses in running vessels are concerned. But we would have had one great advantage in a cheaper fleet and in a more economical class of vessels.

The CHAIRMAN. Would not that class of vessels be displaced at this time through the great improvements that have since been made, and would we not have had on hand a useless stock of vessels?

Mr. MARSHALL. No more than the English ship-owner has had. He has been obliged to accommodate himself to the improvements made in steamships, and his American competitor would have been obliged to accommodate himself to them in the same way.

The CHAIRMAN. But we have not sustained the loss which the English ship-owner has sustained in having to replace his vessels.

Mr. MARSHALL. Yes, but neither have we made the gains.

The CHAIRMAN. Could not the English have, all the time, underworked us in point of transportation? Would not the preponderance of economy be in favor of English transportation, just as it is in every form of manufacture which they make in competition with us, except in those things where we have special natural advantages?

Mr. MARSHALL. I think, of course, that we are placed at a disadvantage so far as high rate of interest on capital is concerned, and also so far as the working expenses of vessels are concerned, but, in spite of that, American ship-owners would have been able, if they had had an opportunity of purchasing their vessels cheaply and on the same terms as their English rivals, to compete with the English on better terms than they have had in consequence of the navigation laws, which forbade the purchase of ships abroad.

The CHAIRMAN. But would the American ship-owner have been on such terms of equality as that he could have made any material impression on the ability of the English ship-owner to do business cheaper than the American can do it for?

Mr. MARSHALL. I think that we might not have advanced as rapidly as we would have if all those conditions had been equalized, but I believe that we should have shown a sensible advance in any event if the navigation laws had been repealed.

The CHAIRMAN. Suppose that the coast-trade had been open at the same time, would not the English have displaced from our coasting-trade a very much larger amount of tonnage than we could have gained from them on the ocean?

Mr. MARSHALL. I should like to say, in regard to the coast-trade, that this trade has been a monopoly ever since the foundation of this government; and that even a voyage from here to San Francisco (15,000 miles) is regarded as part of the coasting-trade. I would not be in favor of immediately throwing open the coasting-trade to foreign competitors, because it is a very large interest. It is an interest that has been built up by protection and monopoly, so to speak, and I am not in favor of immediately throwing down the barriers which surround that monopoly. I would wait until we make more advance in iron-ship building, and until the business of our commercial marine is firmer, before throwing open the coasting-trade to the competition of foreign nations. I think, as a matter of principle, that it should be free, and that it ultimately will be; but I am not in favor of having it opened to all at the present time.

The CHAIRMAN. Do not the laws in regard to the coasting-trade make it more expensive to transportation; and, to that extent, is not the consumer damaged?

Mr. MARSHALL. Undoubtedly. It is like all protected interests. They must be protected at the expense of somebody; and the coasting-trade is undoubtedly protected at the expense of the transporters of merchandise. They have to pay higher freight than they would pay if that trade was open to all competitors.

The CHAIRMAN. Of course in these modern days captal is mobilized. It goes where it pays best. If you repeal the navigation laws and give free trade in ships, would not the English capital, which is more abundant and cheaper than capital here, absorb that business as against American competition because our capital is not so abundant and not so cheap? You do not, for instance, put your money (which you can employ in some other way at 7 per cent.) into ships where you could only get 5 per cent. for it. You would not, for the mere sake of owning a ship, put your money in it unless you could get sufficient returns for it.

Mr. MARSHALL. No, indeed, sir. I have done it many times, and I have had sufficient experience of it.

The CHAIRMAN. Can you alter these great underlying laws which give the business to the man who can do it cheapest?

Mr. MARSHALL. Certainly not. You cannot go in the face of those laws, and you cannot expect to have competition on an equal plan until all conditions are equalized. But there is a certain amount of ship-building going on in this country for the foreign trade. These ships, however, are built of wood. If the navigation laws were repealed those ships would be built of iron, the wooden vessels would be replaced by iron vessels, and my impression is that wooden-ship building in this country will come to an end certainly within the next one or two years. No more wooden ships of consequence will be built for the foreign trade, because a wooden ship is at a great disadvantage with its iron competitor. I do not mean to say that the American ship-owner, even when his ships are of iron, will be on a parity with his foreign competitor, because, as you say, the English and the German and the French ship-owners have cheap capital which is content with smaller remuneration, and they also have the advantage of being able to run their ships cheaper than we can run ours. But before 1860, although the wages which we paid to our crews, and the supplies which we provided for our ships, and the salaries which we paid to our officers were infinitely better than those paid by England, and the expenses of running our ships were larger, still we steadily progressed in a maritime point of view, and we went on increasing our tonnage. We had the same disadvantages then as to capital, wages, and supplies as we have now, if not greater ones.

The CHAIRMAN. But did we not have an enormous advantage in the fact that we had a monopoly in the coasting trade, so that when the great mass of transient ships found that they could not get employment on the ocean, they could pick up a coastwise trade?

Mr. MARSHALL. No; I think that the class of vessels built for the foreign trade was a class *per se*.

The CHAIRMAN. Take that class of packets that used to trade between New York and New Orleans, New York and Savannah, and New York and Mobile; did they not also make ocean trips?

Mr. MARSHALL. They may have done so in some instances; but still the classes of ocean ships and coastwise vessels were clearly defined.

The CHAIRMAN. I know that I crossed the Atlantic twice in just such vessels, but unfortunately one of them went to the bottom. These vessels were very often transferred from one trade to the other.

Mr. MARSHALL. It may have been so in some instances.

The CHAIRMAN. Is it not an advantage to the American producer of food products who wants to sell his products abroad to have them carried abroad at the cheapest possible rate? Is the net result not better for him?

Mr. MARSHALL. Certainly.

The CHAIRMAN. And is it not of advantage to the American consumer of foreign products to have them brought over here at the cheapest possible rate?

Mr. MARSHALL. Certainly.

The CHAIRMAN. Then transportation on the ocean is a tax as well upon the American consumer as upon the American producer. It is a tax *pro tanto*.

Mr. MARSHALL. It is the freight added to the primary cost of the article.

The CHAIRMAN. Is not the lesson from that, to let the business be done by whoever will do it the cheapest?

Mr. MARSHALL. Yes; on equal terms.

The CHAIRMAN. We gain by having it done at the cheapest rate.

Mr. MARSHALL. Yes; after removing all restrictive legislation.

The CHAIRMAN. In that case, will not American capital seek the occupation that will pay it best?

Mr. MARSHALL. It will.

The CHAIRMAN. And if it finds that ocean transportation will not pay it as well as manufactures or some other branch of industry, it will abandon the ocean business to other countries?

Mr. MARSHALL. It will.

The CHAIRMAN. Would there be any disadvantage to this country in that direction? Would we not gain by it? Would it not be a positive advantage if somebody would do that business at a lower rate than we can do it ourselves?

Mr. MARSHALL. Undoubtedly it would. But what I complain of, so far as our competition is concerned, is that we are not allowed to follow the natural channel into which capital would have found its way, but that we have been restricted by legislation from placing ourselves on a parity with foreign nations.

The CHAIRMAN. Have you not had a corresponding advantage in the monopoly of the coast trade, which absorbs the larger portion of our tonnage?

Mr. MARSHALL. No, sir; the coast trade can only absorb a certain amount of tonnage profitably.

The CHAIRMAN. Has it not always absorbed a large proportion of American tonnage?

Mr. MARSHALL. Larger than has been engaged in the foreign trade, but not so very much larger. In 1855 the tonnage engaged in foreign trade was $2,348,358, and in the coast trade only $2,491,000.

The CHAIRMAN. Is it not an enormous advantage to have a monopoly of 50 per cent. of the entire ship business of the country?

Mr. MARSHALL. It is an enormous advantage to the people engaged in that business, I grant you. The class of vessels engaged in the coast trade is entirely different from the vessels engaged in the foreign trade. There may be exceptional cases, as in the instance of that ship in which you crossed the ocean and which came to such an untimely end; but the class of vessels is different, so far as the coast trade is concerned, except in the trade from here to San Francisco.

Mr. RICE. The reason which you give in favor of free ships would apply equally in favor of free trade in regard to all manufactured products.

Mr. MARSHALL. Certainly, sir. I am a free-trader; that is, I am in favor of a tariff for revenue. I believe that the restrictive tariff is one cause which has operated against the development of our commercial marine as well as against all our other interests.

Mr. RICE. Free ships would tend to reduction of interest upon capital and to a reduction of wages of labor, and would bring labor to the same level that it is in England.

Mr. MARSHALL. I think it would tend to equalize these conditions.

Mr. RICE. How was it in England when she was building up her ships and her great superiority on the sea to other nations? Did she have these navigation laws at that time?

Mr. MARSHALL She did have navigation laws till 1849. In 1854 the restrictions on the coasting trade were removed.

Mr. RICE. Were they as strict or stricter than any navigation laws which we have?

Mr. MARSHALL. They were certainly as strict; and the ship-owners of England predicted ruin and disaster to all their interests in consequence of the repeal of those restrictions.

Mr. RICE. They were repealed, but not until England had acquired superiority on the sea.

Mr. MARSHALL. She had acquired superiority, or had the superiority relatively up to a certain period, when she began to lose her superiority.

Mr. RICE. Is it your opinion that the navigation laws, under which she operated, tended to give her that superiority while she was building up her trade.

Mr. MARSHALL. No; I think not.

Mr. RICE. You think that if she started without navigation laws, that her ultimate condition would have been as good as it is now?

Mr. MARSHALL. I certainly do.

Mr. RICE. So that you do not think navigation laws would aid us in building up our marine now that it is in this depressed condition?

Mr. MARSHALL. I do not think they would aid us in building up our merchant marine. On the contrary, I think that they are a direct disadvantage to us. Whatever vitality there is in that industry is crushed out by the restrictive legislation which now hampers it; and, in that legislation, I would instance the tariff as well as the navigation laws. I think that the tariff is an impediment to trade generally, and is *tanto quanto* an impediment to our commercial marine.

Mr. RICE. Do you think that the tariff is an impediment to our manufactures?

Mr. MARSHALL. Yes; I think so.

Mr. RICE. Do you think that we should produce as much or more without it than we do with it?

Mr. MARSHALL. I think that we should have produced more of articles which it is to our profit to produce, under free trade or under a revenue tariff, than we have produced with all the restrictions to which we have been compelled to submit.

Mr. RICE. You do not believe in seeking to confine to our own country any kind of manufactures in which we cannot freely compete with other countries without a protective tariff?

Mr. MARSHALL. No, sir. The primary effect of protective legislation may be to benefit the people engaged in those industries; but the ultimate effect will be disaster and loss. We have a strong instance of that in the present condition of the protected industries of this country.

The CHAIRMAN. Do you attribute the depression in the general manufacturing industries of the country to the fact that they have been protected to death?

Mr. MARSHALL. Not wholly; but protection, so called, is responsible for a large share of it.

The CHAIRMAN. Well, protected to their injury?

Mr. MARSHALL. It is not wholly due to restrictive legislation, but I regard protection as one of the influences which have tended to bring about the depression in business.

The CHAIRMAN. How do you account for the depression in all similar branches of industry in England, which is under the free-trade system? There the depression is equally as great as it is here in every staple branch of manufacture.

Mr. MARSHALL. The chairman will recollect that the industrial depression of the world is now very great, and that England shares in that industrial depression equally with other countries. The United States having been one of the largest consumers of English products is no longer a consumer to any great extent. We import no iron or coal or cottons from England at present. There are many other articles which England produces, and for which she has now no demand in this country. England, therefore, has shared in the general depression; but, in spite of that, she shows a degree of prosperity which is very remarkable under those circumstances. Pauperism has decreased since last year in England, according to the statistics.

The CHAIRMAN. Do you think that the depression has affected England less seriously than it has affected this country?

Mr. MARSHALL. I think it has.

The CHAIRMAN. Do you think that pauperism has increased here and diminished there?

Mr. MARSHALL. Pauperism has decidedly increased here, and it has diminished there.

The CHAIRMAN. Do you know anything about the volume of business there—whether it is as great as ever, or whether it has been reduced? I mean the imports and exports.

Mr. MARSHALL. The volume of exports and imports I think is greater now than it was.

The CHAIRMAN. The volume of last year shows it to be really in excess. How is the volume of exports and imports in the United States for the last year? Does it not also exhibit a great increase?

Mr. MARSHALL. Yes; the volume of imports and exports does exhibit an increase in the United States, although whether or not that increase is relatively as large as that of Great Britain I am not able to say.

The CHAIRMAN. In Great Britain the value of imports and exports is less, but the volume is greater; but in the United States both value and volume are greater.

Mr. MARSHALL. And we have undoubtedly increased our export business.

The CHAIRMAN. Is not that healthy?

Mr. MARSHALL. Certainly.

The CHAIRMAN. If we brought back as much as we sent out, it would be better still?

Mr. MARSHALL. Yes.

The CHAIRMAN. That is to say, we would have a greater quantity of goods which the country needs than we now have. What is the reason that we are not buying as much as we did?

Mr. MARSHALL. Because we are engaged in paying our debts. We are liquidating. There is no doubt about that.

Mr. RICE. That is a healthy thing to do.

Mr. MARSHALL. Yes; it is a healthy thing to do, but it is not a comfortable thing to do.

The CHAIRMAN. And hence we have this very remarkable fact—enormous increase of exports; great balance of trade in our favor; and a very great depression here—all at the same time; because we are paying for something which we have heretofore consumed and destroyed.

Mr. MARSHALL. Exactly. We are working, as the sailors say, for a dead horse.

The CHAIRMAN. Is some of that due to the expenditures of the war?

Mr. MARSHALL. Undoubtedly. The large amount of depression is due to that cause.

The CHAIRMAN. Is some of it due to the era of speculation that succeeded the war?

Mr. MARSHALL. Yes; and to the over-building of railroads and various other speculative enterprises in which people have lost their money.

The CHAIRMAN. Can you give us an idea of what caused that speculative era; whether anything has been done by legislation to bring it about, or whether anything can be done by legislation to prevent its recurrence?

Mr. MARSHALL. With all due deference to the body of which you, Mr. Chairman, are a member, I must say that most of the evils to society result from legislation.

The CHAIRMAN. You need not be at all delicate in hitting the body of which we are members. We are generally doing that ourselves; and, when we are not, the newspapers are doing it for us.

Mr. MARSHALL. I think that wise legislation is true philanthropy undoubtedly, but I think that the absence of legislation is almost better. And there are a great many evils which affect this country at present that have flowed from the disastrous consequences attendant upon imperfect legislation—legislation not based upon science and experience, or on the fundamental principles which control society. And here let me say that I think that these gentlemen who represented the workingmen who appeared before this committee, prior to the appearance of the persons who have been invited to come here, make a great mistake in appealing to the government for more legislation. I should rather appeal to the government for the legislation; I should rather appeal to the government for more freedom than ask it to curtail that freedom. I was rather amused the other day by the testimony of Mr. Graham before this committee, in which he laid it down as a fundamental principle that the best government is the government that governs least; and then went on to advocate all sorts of interference on the part of the government, which was, to say the least, inconsistent with the theory which he had laid down.

The CHAIRMAN. We have been legislating since 1789; and this speculation which came in 1873 may have been the culmination of all that legislation, or it may have been due to some more immediate and special legislation. What I want to know is, whether there has been anything done by legislation within a recent period tending to produce the speculation which culminated in the crisis of 1873?

Mr. MARSHALL. The special legislation which has brought about the speculation and its attendant consequences to which you refer is the legislation consequent on the events of the war. We embarked in 1861 in a war of gigantic magnitude, in which the government was obliged to issue (or did either rightfully or wrongfully issue) a currency of its own, which currency steadily depreciated so that prices of commodities went up very much in value, and a speculative era was inaugurated during the war and for some time after the war.

The CHAIRMAN. We are told that the country was very prosperous during that time; that everybody made money; that both capital and labor reaped ample returns, and that that was an era of such great prosperity that we should get it back again as quick as possible.

Mr. MARSHALL. Yes, so it is said; but the prosperity was certainly hollow and unsubstantial. It was a prosperity which was paid for by the people at large. In other words, it was paid for by the government. The government was issuing its obligations and was spending money; and that money produced an appearance of prosperity which we had in every industry, but which in the long run was sure disaster.

The CHAIRMAN. But they say that we could have kept on spending money; and we are invited now to inaugurate great public enterprises and to pay for them in legal-tender notes; and we are told that the prosperity which we had before only came to an end because the government ceased to issue this paper money. They say that up to that time everything was lovely, and now that everything is become gloomy and that ruin has overtaken the country.

Mr. MARSHALL. A man can keep himself in a state of intoxication for a certain period, but he cannot keep drunk always. The day must come when he will be obliged to become sober, and to resort to the remedies that bring about a normal state of health.

Mr. RICE. Unless he prefers to have *delirium tremens*.

The CHAIRMAN. And these gentlemen deny that there was any intoxication. They insist that it was a healthy and salubrious state of affairs in every way; and they say that all that is necessary now is to pay off the debt in legal-tender money—$2,000,000,000—and that bondholders who receive that money will take it and employ it in business which will give occupation and abundant wages for labor. You are a bondholder. Suppose you were compelled to take legal-tender notes for your bonds; what would you do with the money?

Mr. MARSHALL. I think I should take my legal tenders and convert them into gold at the current rate, and take the next steamer for Europe, where I should remain.

The CHAIRMAN. Suppose everybody tried to do that at the same time, what would be the consequence? Where would gold go to?

Mr. MARSHALL. I am not prepared to say what point it would reach.

The CHAIRMAN. But it would advance in price very rapidly.

Mr. MARSHALL. Certainly.

The CHAIRMAN. And it would have to leave the country.

Mr. MARSHALL. Undoubtedly.

The CHAIRMAN. And then we should have here only paper for currency.

Mr. MARSHALL. Yes.

The CHAIRMAN. The proposition is that money is simply the fruit of legislation; that the government has only to decree that a piece of paper is a dollar, and it is so for all purposes; that it will pay debts, buy property, and perform all the functions of society, simply because the government has put its stamp upon it. Suppose that is done; would people who have property, farms, houses, manufactories, be likely to part either with their property, or the fruit of it, for these pieces of paper, if they were in unlimited quantity, or to the amount of $2,000,000,000? What would they do with their property?

Mr. MARSHALL. I think they would require a great deal of paper in exchange for it, if they wanted to sell.

The CHAIRMAN. Would they be inclined to hold on to their property?

Mr. MARSHALL. Certainly.

The CHAIRMAN. And to stop business?

Mr. MARSHALL. They would stop business, certainly.

The CHAIRMAN. And that would produce a paralysis in society and business transactions?

Mr. MARSHALL. It would produce a paralysis in society and business transactions.

The CHAIRMAN. And the result would be that the whole work of issuing paper by the government would have to be undone?

Mr. MARSHALL. Yes, sooner or later.

The CHAIRMAN. And that gold would have to be brought back from abroad?

Mr. MARSHALL. Gold would have to be brought back.

The CHAIRMAN. How would we get it back? Would we not have to go to work and produce things which would bring back that gold?

Mr. MARSHALL. Certainly.

The CHAIRMAN. Have you found that the fluctuations in the currency (I mean the value of paper redeemable in gold) have been a sore impediment to the regular conduct of business and employment of labor?

Mr. MARSHALL. Undoubtedly. It has been one of the most serious impediments to the proper course of business.

The CHAIRMAN. Have you found it difficult or dangerous, or doubtful, in regard to giving credits often to solvent purchasers?

Mr. MARSHALL. Yes, sir; and every man must be in doubt if he has to deal with a fluctuating currency. He must always charge to cover those fluctuations to the utmost extent.

The CHAIRMAN. Has it tended to make business speculative in its very nature?

Mr. MARSHALL. It has; and business has undergone a complete revolution in this

country since 1860, so far as the manner of conducting it is concerned. Business today is infinitely more speculative than it used to be.

The CHAIRMAN. As I understand, one of the immediate effects of paper money is to produce a speculative feeling; and that speculative feeling brings about a speculative era; and that speculative era brings about a collapse; and the collapse brings about an era of depression.

Mr. MARSHALL. That is my view. Depression may be brought about by any such course being previously pursued; and we are now suffering from that course.

The CHAIRMAN. What would you have Congress do in the matter?

Mr. MARSHALL. I believe that the most important question before the government at present is the question of currency. To my mind it is more important than the question of tariff, and more important than any question that now looms up before the public. Although I have been a laborer in the free trade cause for ten years, and have spent a good deal of time and money in trying to ameliorate the condition of the workingman, so far as removing from him the restrictions of the tariff, still I put that question aside as a secondary consideration compared with the question of the currency, which I regard as the most important to be considered by any public man. My firmest views and opinions are that, until we get back to specie payment, or to a currency based on gold, we shall be subject to those alternate periods of undue speculation and undue depression; and that the laboring men, as constituting the largest element of the population of this country, must suffer comparatively.

The CHAIRMAN. The countries where specie payments prevail, and where they have not been suspended for a great many years, have had the same commercial revulsion that we have had here, and the same depression in business.

Mr. MARSHALL. That is very true; humanity is not exempt from evils in any part of the world. But I think that it is undoubted that countries possessing a stable currency are better suited to bear those revulsions than countries that possess a fluctuating currency.

The CHAIRMAN. In other words, you think that depression there is not accompanied with such general distress as it is where there is an irredeemable paper money?

Mr. MARSHALL. No, sir; and it is infinitely easier to recover from it in countries where there is a stable currency than it is in a country that has to deal with irredeemable money.

The CHAIRMAN. What is there to prevent us doubling all the gold in the Treasury by simply stamping every dollar as two dollars, and every five dollars as ten dollars; would you then have twice as much gold, or would you have only the same quantity?

Mr. MARSHALL. You would only have the same quantity.

The CHAIRMAN. Can the stamp of the government make any difference in the value of that commodity?

Mr. MARSHALL. None whatever. The value of the commodity is regulated by the number of grains of pure metal which it contains.

The CHAIRMAN. If the stamp of the government is powerless to do that, has it any more power to stamp a piece of paper and to give it value?

Mr. MARSHALL. None whatever. And I think that the great error of the government has been in issuing the greenbacks. I sincerely hope that they will be redeemed and that we will have no more of them.

The CHAIRMAN. Suppose this large amount of irredeemable paper money was issued, you say that it would result in increasing the price of everything; and that a man would want a great deal of paper money for his property. Would the workman's wages purchase for him, under that system, any more or less than they would under the gold basis?

Mr. MARSHALL. Certainly they would not purchase any more.

The CHAIRMAN. The workingman would not be any better off?

Mr. MARSHALL. He would not be any better off, but probably worse off. His wages might be nominally increased, but their purchasing power would be comparatively diminished.

The CHAIRMAN. And the workingman could not gain by that process?

Mr. MARSHALL. Impossible.

The CHAIRMAN. What class of people in the community could gain by it?

Mr. MARSHALL. Only speculators and the middle-men who deal in currency.

The CHAIRMAN. How about the class that is in debt; would they not gain by it?

Mr. MARSHALL. They would gain by it so far as paying off their debts in depreciated currency goes.

The CHAIRMAN. But that happened before, and did the debtor class avail itself of that opportunity to get out of debt, or did they immediately get more into debt?

Mr. MARSHALL. They proceeded to get more into debt.

The CHAIRMAN. Then they did not gain by it?

Mr. MARSHALL. No, not in the end.

The CHAIRMAN. And in fact it is the collapse of that state of things which has produced the present depression in business?

Mr. MARSHALL. Undoubtedly.

The CHAIRMAN. I understood you to say that you are an enthusiastic free-trader?

Mr. MARSHALL. Yes, I am.

The CHAIRMAN. And that you have spent time and money to that end?

Mr. MARSHALL. Yes. By free trade I mean a tariff for revenue; I do not mean absolute free trade.

The CHAIRMAN. But you would like very well to have absolute free trade if we could get rid of all taxes?

Mr. MARSHALL. Yes, if that were possible I should be delighted.

The CHAIRMAN. In the course of your efforts I have heard it charged that you gentlemen who belong to the free-trade organization have been using British gold in this country to carry out your doctrines and opinions, and that you have been engaged in using money received from the other side to break down American manufactures. Have you ever received (you need not answer the question unless you want to) any contribution of money from the other side to propagate free-trade doctrines?

Mr. MARSHALL. Yes; I received on one occasion from a gentleman in England £5. That is the only contribution of British gold that I ever received.

The CHAIRMAN. Did you ever hear of any other contribution for the purpose?

Mr. MARSHALL. Never.

The CHAIRMAN. Did you ever hear of any organized fund on the other side devoted to that purpose?

Mr. MARSHALL. I never did.

The CHAIRMAN. Do you know the Cobden Club?

Mr. MARSHALL. I am a member of it.

The CHAIRMAN. Has the Cobden Club sent any money to this country for that purpose?

Mr. MARSHALL. I never have received any.

The CHAIRMAN. Would you be likely to know it if it had?

Mr. MARSHALL. I would be likely to know it, as I have been the treasurer of the American Free-Trade League in this country ever since its inception.

Mr. RICE. Have you any doubt that free trade in this country would be an advantage to British manufacturers?

Mr. MARSHALL. I am of the opinion it would be perhaps a temporary advantage to British manufacturers, and perhaps a permanent one; but I think that the ultimate advantage would largely accrue to us. When I announced myself as a free-trader, or as an advocate of a revenue tariff (that is, a tariff composed of the fewest articles possible, and on which a rate should be collected to meet the necessities of the government), I do not mean to say that, as a free-trader, I would advocate any sweeping changes in the present fiscal system of this country, so far as the tariff is concerned. I think that an immense number of industries have grown up in the country that have been created by the protective influences, and that it would be wrong and unjust to sweep away, for the present at least, all the advantages which those industries receive from protection. I would be glad to see any correction of the tariff made gradually until our house is set in order.

The CHAIRMAN. You would deal with them as with the coasting trade—not all at once?

Mr. MARSHALL. Yes, I would deal with them gradually, and that is the only statesmanlike method of doing it.

The CHAIRMAN. Be good enough to indicate the direction in which it ought to begin.

Mr. MARSHALL. I think we ought to begin with eliminating from the tariff all articles which do not pay the cost of collection—in other words, to make a large increase to the free list. We have now eighteen hundred or two thousand articles paying duties which might certainly be reduced to the number of five or six hundred without detriment to the revenue or to the manufacturing interests of the country. Then I think we should certainly impose a tax on tea and coffee. The duties on tea and coffee which formerly produced about $20,000,000 a year were abolished through the protective influences in Congress in order to maintain protective duties on other articles. But the duty on tea and coffee is an eminently just one, because it is purely a revenue one. Every dollar collected from it goes into the Treasury, and every man who drinks tea or coffee pays in proportion to the amount he consumes. Therefore it is eminently a just tax.

The CHAIRMAN. Would it not bear rather harder on the poor man than on the rich man?

Mr. RICE. That is, if he drinks as much tea and coffee.

The CHAIRMAN. You know that coffee forms a very large article of consumption among the workingmen; and that workingwomen very largely indulge in tea. You and I like coffee and tea also; but can we contrive to get rid of any more of it in the course of a day than a workingman can?

Mr. MARSHALL. No, sir.

The CHAIRMAN. Then would it not be rather an unequal tax in its operations?

Mr. MARSHALL. It would be an equal tax so far as the amount of consumption is concerned. Every man would pay in proportion to his consumption.

The CHAIRMAN. But not in proportion to his means.

Mr. MARSHALL. Not in proportion to his means; but that would give an opportunity to lighten the burden of taxation on these very individuals in regard to other articles.

The CHAIRMAN. Would you not put taxation on accumulated wealth rather than on consumption? Do you not think that people ought to pay taxes in proportion to their means rather than on any other standard?

Mr. MARSHALL. I think that taxes on accumulated wealth are legitimate; but this is a question of tariff taxation.

The CHAIRMAN. But suppose we can take the duty off tea and coffee, which poor men and women use, and transfer it to the incomes of gentlemen like yourself and Mr. Rice?

Mr. MARSHALL. I am not entirely opposed to an income tax under certain conditions.

The CHAIRMAN. Would it not be a sound statesmanlike view of taxation rather to impose taxation on wealth than on poverty?

Mr. MARSHALL. I do not think it possible to impose any tax in which the poor man will not have a share. You may impose taxation on accumulated wealth, if you like, or you may impose taxation on all production or consumption, but in the end the poor man has got to bear his proportion of it.

The CHAIRMAN. Suppose we raised the entire revenue of the United States—$150,000,000 a year—by an income tax imposed on incomes over $1,000, and that absolute free trade is established; by what process could the burden of that tax be transferred from the men who pay it to the men who work for them?

Mr. MARSHALL. It could be transferred by reduced wages or by adding the tax to the cost of the products. It would increase the cost of the product to the extent of the tax levied. Suppose a man is engaged in the manufacture of iron and that he has to pay an income tax, would not that tax enter into the iron product as an element of its cost?

The CHAIRMAN. How would that affect the wages of the laborer? They are determined by the law of demand and supply, and the demand and supply would remain unaltered. He cannot put any portion of the tax on labor. If there are more laborers seeking employment than there is a demand for, wages will go down. Otherwise they will go up. The fact that I pay an income tax on my profits does not affect that question at all.

That is the whole point in the case—whether it is not possible to transfer the whole burden of taxation to profits and net income, and thus to relieve the labor of the country from the part of the taxation which it now pays.

Mr. MARSHALL. I still think that the income tax (although it might be levied directly on the net profits) would enter as an element into the cost of production and be ultimately borne by the consumer.

The CHAIRMAN. If it made capital less productive in this country than in other countries by reason of that tax, then it would tend to drive capital out of this country, and that would restrict the area of employment and the demand for labor, and wages would consequently fall.

Mr. MARSHALL. There would undoubtedly be less capital to give employment to labor, and there would be less remuneration for capital and labor in the country.

The CHAIRMAN. And if it would tend to drive capital out of the country, of course it would tend to reduce wages. I have asked these questions in order to bring out the inseparable connection between the existence of capital and the wages paid to labor, and to show that if you increase capital you increase the demand for labor, and that if you reduce capital you reduce the demand for labor, and wages must go down.

Mr. MARSHALL. I agree with you entirely on that point.

The CHAIRMAN. Do you think that the income tax might be made so onerous that it would tend to drive capital out of the country?

Mr. MARSHALL. I do, undoubtedly. An income tax has to be imposed with caution. But the income tax is, in principle, a just tax. In this country it was extremely odious on account of the system which prevailed in its collection; and it certainly bore hard on individuals. But I think that the principle of an income tax is just.

The CHAIRMAN. Would you recommend us to report to Congress that it is expedient to impose an income tax?

Mr. MARSHALL. I would not. You would have to put in operation a new set of machinery for the purpose of collecting a tax which never yielded more than from seventeen to twenty million dollars a year in the best times, and which would yield very much less at the present time (besides affording so many opportunities for fraud and evasion). It would be extremely unpopular, I think, to recommend the imposition of such a tax.

The CHAIRMAN. If we want to raise $20,000,000 additional revenue, and if we have the choice between a tax on tea and coffee and an income tax, ought we rather to put the tax on tea and coffee?

Mr. MARSHALL. I think it would be better to tax tea and coffee rather than impose an income tax. The collection of an income tax is extremely difficult. It tends to put capital at a disadvantage, and, therefore, to lower the remuneration of labor; and it is, besides, odious to the American people.

The CHAIRMAN. On the other hand, if you put a tax on tea and coffee, you add so much to the price of those articles; and that is very odious to the poor men and women.

Mr. MARSHALL. I think that, so far as the increase of price is concerned, it is almost imperceptible. It would be borne with great facility by the country.

The CHAIRMAN. Can you give us any facts to show the effect on prices of the removal of the tax on tea and coffee?

Mr. MARSHALL. I think that the removal of the tax on tea made no particular change in the prices.

The CHAIRMAN. It is in evidence that, as to coffee, the only effect of the removal of the tax was to put up the price in Brazil in proportion to the amount of duty. In other words, that it is the producer of coffee that pays the tax, and not the consumer.

Mr. MARSHALL. Yes; and I believe it was the same in regard to tea in China. That is because the production of tea and coffee is a monopoly so far as those countries are concerned, and the market price is to be settled to a certain extent by the producers of tea and coffee. If they cannot market their products at a certain price they will market them at another price. If there is a demand for tea and coffee at one price, and if the tax be removed, they only put it on at the other end.

The CHAIRMAN. Then, in the imposition of tariff duties, it may be that this country does not pay the tax, and that some other country does?

Mr. MARSHALL. I took care to make the exception in the case of tea and coffee, because they are comparatively monopolies, so far as production is concerned; whereas the commodities in which the world deals generally are not monopolies, and there is an immense general competition for the trade. There the producers of those articles have not the facilities for transferring the tax to the articles at the other end that the producers of tea and coffee have. I know that that is a favorite argument of the protectionist—that the manufacturers on the other side pay the taxes.

The CHAIRMAN. It is a favorite argument of those who have studied political economy that sometimes the consumer pays the tax, and sometimes the producer—depending on the condition of international trade at a particular time. That is the favorite statement of those who are after truth. Those who are really scientific put it so; that sometimes the producer pays the tax, and sometimes the consumer; that it depends upon the local conditions of consumption and production at the time; and that if there is an over-stock of iron in England the English will send out and sell it in foreign countries for less than they sell it in England in order to get rid of it. And so I am told that in New England now they are sending out cotton goods and selling them in foreign markets at less than they sell them for at home.

Mr. MARSHALL. I believe so; for they have sent cotton goods to Manchester and sold them there at a loss.

The CHAIRMAN. That may happen in regard to almost any article.

Mr. MARSHALL. Only in exceptional cases. It will not happen where trade is steady and when the purchaser can get a proper market for his product. I think that the tariff has another blighting influence on the manufacturing industries of the country in the way of precluding them from obtaining the foreign outlet. What we need most particularly now is a market for our manufactures. That market, it appears to me, the tariff has prevented us from obtaining, as we would have obtained it if the restrictive influences of the tariff had not been operative. Take South America, for instance. South America is, so to speak, at our doors. It is within comparatively easy access of us, and the amount of products that that country consumes is very considerable, and more particularly of cotton goods. Now, it is well known that the cotton goods manufactured in this country have attained a high degree of popularity. To-day we make goods in this country better than England makes. Our cotton goods have a preference over English goods in all the markets of the world. When I was in England the last time there was a large house with connections in Chili, a member of which approached me on that subject. He said that they were in the habit of shipping very large quantities of Manchester goods to Chili, and that they had made some experiments with American goods, and found that the favor with which American goods were received in South America was so great that they wanted to ascertain if they could not make connections in this country by which American goods could be sent to Chili and pay a profit. That is one symptom of a tendency to get a foreign market for our manufactured products.

The CHAIRMAN. If they took our poducts how could we get them to the South American market as economically as the English can in the absence of any shipping?

Mr. MARSHALL. Undoubtedly that practical difficulty would exist if we had no steam

communication with South America; but if you establish the conditions of profitable trade between countries, transportation will spring up and accommodate the trade.

The CHAIRMAN. But, in advance of that, would you have the government do anything to stimulate it?

Mr. MARSHALL. No, sir; I am entirely opposed to subsidies to lines of steamers; I think that the effect of them is to build up a commercial marine at the expense of the country at large; and not only that, but to stifle all competition.

The CHAIRMAN. Take the case between here and Rio. Was there any foreign line of steamers running from New York to Rio prior to the establishment of the American line?

Mr. MARSHALL. I think there was; but I am not certain.

The CHAIRMAN. If we were to give a subsidy to the American line now running, of course it would carry goods cheaper than the foreign line, from the fact that it has a subsidy and the foreign line has not.

Mr. MARSHALL. Yes.

The CHAIRMAN. Would not that drive the foreign line off and prevent competition in that trade?

Mr. MARSHALL. Yes; it might.

The CHAIRMAN. And would it not enable the American line to put up its prices?

Mr. MARSHALL. Yes, it would give the American line a practical monopoly.

The CHAIRMAN. And that would be against the interest of the consumer here and of the producer there?

Mr. MARSHALL. Yes. The only safety is in an unlimited competition in the trade. Then the transportation is conducted on the best possible terms.

The CHAIRMAN. You would object to a subsidy being given to yourself to establish a steamship line from here to England?

Mr. MARSHALL. Certainly; I should think it most unfair and most unjust. If you give me a subsidy for a particular line of steamers it does away with any chance for private competition outside; private competition is handicapped to the extent of the subsidy. If I am receiving a subsidy and you are receiving none, you certainly are put to a disadvantage.

The CHAIRMAN. But it is necessary to have the mail service performed promptly. Now, suppose that we have not got a line of steamers to Rio, but have to send our mail to England, and from England to Rio. Has not the English merchant, in that case, the advantage over the American merchant?

Mr. MARSHALL. Undoubtedly.

The CHAIRMAN. Would you do anything to facilitate postal communication between this country and South America?

Mr. MARSHALL. I think it is proper for the government to pay anything reasonable that is necessary for the transportation of the mails.

The CHAIRMAN. Suppose it is necessary to give $20,000 a trip in order to have direct mail transportation from here to Rio, where there is a business of $40,000,000 a year, would you do it?

Mr. MARSHALL. I think that, if there was a line of steamers in existence, and if it were necessary to transport the mails to a given point, and if the government can only obtain that transportation on certain terms that are not unreasonable, the government would be justified in paying those terms—not in the nature of a subsidy, but for service performed. The government might be obliged to pay exorbitantly in the absence of competition.

The CHAIRMAN. Say that it had to pay a dollar a letter?

Mr. MARSHALL. There is a limit beyond which the government would not be justified in paying for the transmission of postal matter for the benefit of the comparatively few who participate in the trade.

The CHAIRMAN. As a matter of fact have not the English, the French, and the Germans enormously increased their foreign commerce, and given great facilities to their manufacturers by that very process of paying large subsidies for the transportation of the mails? Has it not built up their great commercial marine?

Mr. MARSHALL. It has built up portions of it. Undoubtedly England does pay large amounts for subsidizing her lines of steamers.

The CHAIRMAN. Take the line between England and Brazil and other South American lines where subsidies are paid. How can our American manufacturers expect to compete with English manufacturers when the English Government pays subsidies to steamships, which are thus enabled to carry British products at low rates and with great rapidity from England to those markets? How are we to get on under that state of things?

Mr. MARSHALL. We cannot compete with them so long as England pays the subsidies.

The CHAIRMAN. Is it a wrong system on her part?

Mr. MARSHALL. I think it is.

The CHAIRMAN. But has not England grown in wealth and business and got the commerce of the world into her hands by that process?

Mr. MARSHALL. No, not by that process. That process may have opened channels to English manufacturers, but it is not my opinion that the commerce and wealth and greatness of Great Britain have been built up on that process.

The CHAIRMAN. Is there any doubt that it has contributed very much to the expansion and development of English commerce?

Mr. MARSHALL. I think that the expansion and development of English commerce have been built up to a certain extent by the system of subsidizing steamers; but you must remember that England has a peculiar commerce.

The CHAIRMAN. So peculiar that we find it very hard to compete with her.

Mr. MARSHALL. England has an outlying system of colonies all over the world, and she has fostered communication with those colonies for political causes.

The CHAIRMAN. But England has grown rich, has she not?

Mr. MARSHALL. England has grown rich, but she has not grown rich from that policy alone. That may have been one of the elements of her greatness, but I do not admit that her greatness is due to that exclusively, or even to a very great extent.

The CHAIRMAN. Can we hope to get on in competition against that very rich country which has pursued this system, and is pursuing it to-day, unless we adopt a similar system? If we cannot, what force is there in the argument that we must get a foreign market for our manufactured goods? How are we to get it unless we go a step farther, and not only take off tariff duties, but give subsidies to somebody to establish lines of communication?

Mr. MARSHALL. If the conditions of trade existed between this country and the South American states transportation would be furnished by some nation or another. It might come from an American source or might come from an English source, but that it would come is certain.

The CHAIRMAN. But it has to begin. There is not enough trade at present to freight a steamship.

Mr. MARSHALL. As soon as the point is arrived at where there is trade enough to begin a line of steamers the line will come.

The CHAIRMAN. But that point will never be reached if the English can supply the South American market as cheaply as we can and if they have a subsidized line of ships carrying goods to Brazil.

Mr. MARSHALL. We can avail ourselves, of course, of the mode of transportation which the English provide for us.

The CHAIRMAN. We would have to send our goods over there in order to get them transported to Rio.

Mr. MARSHALL. If there was an English line of steamers between here and Brazil, and if there was a volume of trade sufficient to justify that line, it would go on and exist.

The CHAIRMAN. I understand the conditions of trade with Brazil to be that return cargoes have been brought to New York and reshipped on British vessels to go to England.

Mr. MARSHALL. That is so, because duties are so high in this country on the products of their country that they do not come to us.

The CHAIRMAN. But you argue in favor of imposing a duty on coffee, the chief product of Brazil.

Mr. MARSHALL. Coffee is not its only product.

The CHAIRMAN. Coffee and hides.

Mr. MARSHALL. Hides are free to-day.

The CHAIRMAN. We get large shipments of nitrate and copper from the South American States.

Mr. MARSHALL. Not from Brazil.

The CHAIRMAN. Not from Brazil, but from Chili. My object in putting these questions is to have the whole field thrown open, and to show that whatever way we go we are met with difficulties of this sort, and that the nearer we get to the bottom the greater the difficulty seems to be. One conclusion to which we are all driven is, that we had better let it alone if we do not understand it.

Mr. MARSHALL. But it will not be let alone. It will never be let alone until it is placed on some permanent basis, and that basis must be a scientific one, and founded on experience.

The CHAIRMAN. You would get rid of the duties on raw material as soon as possible?

Mr. MARSHALL. Certainly, sir. Anything that enters as a component part into manufacture I would free from duty as soon as possible.

The CHAIRMAN. There we are met again with the question, what is raw material? Is pig-iron raw material?

Mr. MARSHALL. It is and it is not. It is a finished product in a certain respect and it is a raw material in other respects. But, if we start with the idea that all tax-

ation is not a benefit to a community, but is, on the contrary, an impediment to a community, we shall certainly begin in the right direction. The theory which has obtained in this country, so far as tariff taxation is concerned, is that the taxation of certain articles is a benefit to the country. That I do not think. I think that taxation is always a detriment to a community, and that, so far as you can adjust the burdens of taxation to the shoulders of the people, so far you are having a proper fiscal system. Therefore I have always argued that the limitation of duties to a few articles is infinitely better than spreading the taxation over a large number of articles. In the first place, from its simplification, it costs very much less to collect them.

The CHAIRMAN. That brings up this question about trades-unions. The trades-unions believe that by restrictive regulations between themselves they can get the benefit of better wages; and certainly in good times they are able to do it, but in bad times they are not able to do it. Now it is very hard to persuade the workingmen that trades-unions are not for their benefit, and it is very hard to persuade very intelligent men outside of trades-unions, such as Frederick Harrison, Mr. Thornton, and others of his stamp. Mr. Howell's recent work, which is a very powerful defense of trades-unions, raises that whole question, whether it is possible for any one class of the community to benefit itself as against all other classes of the community, or for any community to benefit itself as against other communities. The men of the trades-unions only care for themselves—trying to see how they can get better wages. So, the nation may say we can compel England to pay more for her cotton. We can raise a smaller quantity of cotton and England will have to pay more for it.

Mr. MARSHALL. The nation at large does not say that it will get a better price for that product and other products, and that therefore it will put a protective duty on imports. It is only a small part of the nation that says so.

The CHAIRMAN. We cannot pass any law except by the voice of the majority.

Mr. MARSHALL. But the *vox populi* is not always the *vox Dei* by any means.

The CHAIRMAN. The majority in this country must believe in the doctrine of the tariff or else we would not have a tariff.

Mr. MARSHALL. For instance, the number of planters, farmers, and laborers in this country may be estimated (with their families) at twenty-four millions, and the number of trades people employed by them perhaps at six millions. There are only about two millions of adults employed in the protected manufactures in this country, and, with their families, they would amount to about ten millions. Now, there are ten millions of people dependent either directly or indirectly on protected industries in this country, while there are something like thirty millions of people in the country who are not interested in any way in protected industries. On the contrary, they are a portion of the people who pay for the benefit of these ten millions.

The CHAIRMAN. That is one statement of it, but it may be disputed.

Mr. MARSHALL. The capital employed in protected industries in this country is only about five hundred and fifty millions, whereas the property in unprotected industries amounts to about ten thousand million dollars. The people who depend upon protected industries are only about one-fourth of the population of the country. You say that the trades-unions attempt to regulate the wages of labor so far as their particular trade is concerned. They may be justified in doing that, because they are not looking at the interest of the nation at large, but only at their own interests. But any man who represents the interests of the entire community is justified only in imposing taxes that are not calculated to injure the large portion of the community.

The CHAIRMAN. Suppose that I represent a district in which there are a great many manufacturers; am I to go against the interest of my own people that send me to Congress to do a particular thing?

Mr. MARSHALL. Then you are nominally at the head of a large trades-union.

The CHAIRMAN. Take our Congressional districts. They are supposed to elect men to represent their views and interests. Suppose Mr. Rice's district sends him to Congress; is he to vote against the wishes and interests of his constituents or not?

Mr. MARSHALL. I presume that Mr. Rice would vote in the interest of his constituents; but, with all due deference to Mr. Rice's action in the matter, I should not conceive it to be in the interest of the nation at large.

The CHAIRMAN. But he is not sent to Congress to look after the interest of the nation at large, but after the interest of his own district. Senators are in Congress to look after the interest of their States. Who there is there to look after the interests of the people at large I have never been able to find out.

Mr. MARSHALL. In other words, the forty millions of people are not represented?

The CHAIRMAN. There are a few gentlemen in Congress who try to be statesmen, but they get so unpopular in their own districts that they cannot be sent back to Congress. I merely state this to show you the practical difficulties in the way.

Mr. RICE. It will depend upon which way most of the districts go.

Mr. MARSHALL. It seems to me that under our present system it would turn on that result.

The CHAIRMAN. Do you think that a protected industry tends to raise the wages of labor employed in it?

Mr. MARSHALL. I think it may for a time.

The CHAIRMAN. It has had that effect in this country?

Mr. MARSHALL. Yes; temporarily.

The CHAIRMAN. If that is so do you think that there can be higher rates of wages in a country, as a permanent thing, in one branch of industry than there can be in any other branch? Do not wages, like water, get to a level?

Mr. MARSHALL. I think so.

The CHAIRMAN. Then how can it be that the persons engaged in non-protected industries would get less compensation for their labor than those engaged in protected industries, if wages equalize themselves? Why do the higher rates of wages not extend to the persons employed in the non-protected industries? And if they do, how do these persons support those engaged in protected industries at a cost to themselves?

Mr. MARSHALL. They support the others in paying the enhanced price of the products of protected industries.

The CHAIRMAN. But they get more wages themselves, and the purchasing power of their wages is not changed.

Mr. MARSHALL. The non-protected elements of the community pay a correspondingly higher price for the products of protected industries in consequence of that protection.

The CHAIRMAN. But they get a correspondingly higher rate of wages themselves.

Mr. MARSHALL. Who do?

The CHAIRMAN. Those in the non-protected industries. Do they not get the same rates of wages as those in the protected industries?

Mr. MARSHALL. They do not.

The CHAIRMAN. Then you have a state of things by which some people in the community get permanently better wages than others?

Mr. MARSHALL. I do not say permanently, because the tendency of wages is to equalize themselves unless that tendency is obstructed by artificial means.

The CHAIRMAN. Suppose the wages paid to workers in iron and cotton factories are greater than the wages paid on farms; do not the men on farms rush to the towns and seek employment at the factories; and, in that way, do not wages come on a uniform level?

Mr. MARSHALL. They will ultimately; but, if you put a protective duty on articles and thereby increase their price, that tends to the production of those articles in large quantities, because capital will always flow into the most remunerative channel; and that will employ labor; and that state of things will continue so long as the protective influence goes on.

The CHAIRMAN. It must raise the rate of wages uniformly if it raises them at all, because the men who go into the protected industries come out of the ranks of those engaged in the non-protected industries; and therefore, there being this diminution of the supply of labor in the non-protected industries, the laborers who are left in them get a higher rate of wages. You cannot have two rates of wages prevailing for the same class of labor for any length of time.

Mr. MARSHALL. But this is a different kind of labor. There is protected and non-protected labor.

The CHAIRMAN. Laboring men on farms and laboring men in factories interchange all the time.

Mr. MARSHALL. I think you are mistaken in that. I think that the tendency of protected industries is to increase the cost of the article, and to induce more capital to go into the production of that article, and thereby to increase for the time the wages of labor.

The CHAIRMAN. But, after a time, they will become equalized.

Mr. MARSHALL. Undoubtedly; and ultimately wages will go down to the general level. But the difficulty in this country is that the protected industries, having received an undue amount of support, and the home market at one time being a very large one, they were enabled to obtain profitable employment for labor and capital in those particular industries. But now the home market is poor, and there is no foreign market to look to; and, therefore, the wages of labor have gone down and capital has suffered disaster.

The CHAIRMAN. The same thing has happened in England, which is under a free-trade system.

Mr. MARSHALL. Undoubtedly. There are commercial disasters all over the world. I do not mean to say that the tariff is the only cause of commercial depression; but I do mean to say that the country which has the least restrictive legislation is the country which has the most recuperative power.

Mr. RICE. If we can protect some industries in this country, the product of which is furnished to us now by foreign manufacturers, and if we can thereby set at work those who are now unemployed in the country, would not that raise the wages of all laborers?

Mr. MARSHALL. If it did, it would be by an indirect taxation on the people.

Mr. RICE. Would it not produce employment for all kinds of labor and raise the wages of those working along on low pay now?

Mr. MARSHALL. That would depend entirely on the demand for those products that exist here.

Mr. RICE. Take the products which we need here and which we now import from abroad. If they could be manufactured here (although the laborers who are now employed had to pay a larger amount for those products than they have to pay now when they are brought from England), would it not be better for them and better for all?

Mr. MARSHALL. No, sir; I think that, while it might nominally increase the scale of wages, it would proportionately increase the scale of prices, and that the laborer would find that the purchasing power of wages was diminished. He would get more in money but he would get less in commodities. After all it is not of very much difference whether the rate of wages is high or low; but the real question is how much the wages will buy. I would also remark that it is the tendency of all capital to seek the most remunerative outlet, to seek the greatest return; and that, if there are no restrictions as to the employment of capital, capital will naturally seek the most remunerative channel in which to employ itself. Now if you institute a protective system you divert capital from channels that are normally profitable into those which become abnormally profitable in consequence of the protective system. That is, you take capital and labor from industries in which they are at present employed, and you transfer them to other industries at which they may be employed at a larger remuneration.

The CHAIRMAN. Take a country like Australia (and every young country), whose natural products are those from agriculture, sheep-raising, gold and silver mining, &c. It has no manufactures. Being a British colony, its people have all been brought up under the free-trade system, and they believed in free trade when they went there; but they have established a protective system. How could they have got any start at all in business, with Great Britain as a competitor, unless they had some means of acquiring the necessary skill (which takes time) to carry on works? Take iron-works, for example, and it will require a new beginner from five to ten years to acquire the necessary amount of skill.

Mr. MARSHALL. Why should they do it?

The CHAIRMAN. Because they find that they cannot employ all their labor in other ways. They produced so much wool that the price of wool fell. They had no adequate market for their agricultural products. There was a limit, of course, to the production of gold and silver. And the colonies got down to the point that they had to diversify their industry.

Mr. MARSHALL. Then they paid the cost of it. It is a diversion of labor from one channel to another, for which the country at large pays.

The CHAIRMAN. But is not a diversification of industry valuable to a country?

Mr. MARSHALL. I think it is; but I do not think that a diversification of industry should be brought about except by natural laws.

The CHAIRMAN. But suppose that, five years hence, they can compete with other countries under a free-trade system, are they to pay nothing for that advantage even by way of a bonus?

Mr. MARSHALL. I should not do it. I should be entirely opposed to paying a bonus, either directly or indirectly, because the people at large have to pay it and have to pay it for the benefit of a few.

The CHAIRMAN. You may be right. Nevertheless the greatest statesmen in all times have pursued the opposite course.

Mr. MARSHALL. Not of late years.

The CHAIRMAN. The tendency now is in your direction. But Napoleon Banaparte was one of the greatest men who ever lived; and Bismarck is a great man; and they looked at this question with a statesman-like eye, and took measures to establish diversified industries.

Mr. MARSHALL. Napoleon Bonaparte was a great conqueror. He wished to build up his own personal ambition. I do not think he has been cited as a great political economist.

The CHAIRMAN. But he is cited as one of the greatest administrators of public affairs.

Mr. MARSHALL. So he was. But his views of trade and commerce might be entirely wrong. Now, the third Napoleon——

The CHAIRMAN. Yes. He arrived at a day when he took another course.

Mr. MARSHALL. He instituted free trade between France and England.

The CHAIRMAN. Do you call it free trade?

Mr. MARSHALL. I do not call it absolute free trade. But he formed a treaty between France and England which greatly reduced the duties on articles entering into France from England, and made a corresponding reduction on articles entering into England from France. In 1860 the imports into England (I am sorry that I cannot give you the figures for France)——

The CHAIRMAN. They are very advantageous to your position. The English imports increased enormously; but the French imports have not increased to a corresponding degree; and the English people think that France got the best of the bargain.

Mr. MARSHALL. You mean that England did.

The CHAIRMAN. No, that France did. The imports into England increased enormously. That is, England bought immensely more from France under the Cobden treaty than France bought from England.

Mr. MARSHALL. That was a good thing for France.

The CHAIRMAN. Yes. But the way she arranged it was that she (France) kept her duties up on many articles and did not buy English products.

Mr. MARSHALL. The English showed their capacity to take advantage of that treaty by their increased importations.

The CHAIRMAN. And the French were very glad to sell. Of course it was a mutual benefit.

Mr. MARSHALL. It is so with every commercial transaction. But, in order to show the progress of trade as brought about by that treaty, so far as England is concerned, I will state the figures. The imports for the fifteen years before the treaty were £210,530,873, and for the fifteen years ending in 1875 were £373,935,737, showing an increase of over £136,000,000. [See foot-note 1.]

Before and after Peel's tariff reforms.

	Imports.	Exports.	Total.
In 1840	£62, 004, 000	£110, 128, 716	£172, 132, 716
In 1850	152, 329, 053	115, 821, 092	268, 210, 145
Increase	90, 325, 053	5, 692, 376	96, 077, 429

Before and after French commercial treaty.

	Imports.	Exports.	Total.
In 1860	£210, 530, 873	£164, 521, 351	£375, 052, 224
In 1875	373, 939, 577	281, 612, 323	655, 551, 900
Increase	163, 408, 704	117, 090, 972	280, 499, 676

Trade with France alone.

	1855.	1860.	1865.	1870.
Imports	£9, 246, 418	£17, 774, 037	£31, 625, 355	£37, 607, 514
Exports	10, 421, 881	12, 701, 372	25, 355, 072	21, 982, 999
Total	19, 668, 299	30, 475, 409	56, 980, 303	59, 590, 513

	1873.	1874.	1875.
Imports	£43, 339, 234	£46, 518, 571	£46, 720, 101
Exports	30, 196, 168	29, 389, 241	27, 292, 455
Total	73, 535, 402	75, 907, 812	74, 012, 556

The CHAIRMAN. Do you mean the foreign trade of England?

Mr. MARSHALL. No; I mean trade with France alone.

The CHAIRMAN. Not in a year?

Mr. MARSHALL. No; from 1860 to 1875—fifteen years. Now, the volume of exports for the fifteen years before the treaty was £164,521,000, and for the fifteen years end-

[1] Here I wish to amend my testimony. The figures I have given apply to the general increase of trade of England with foreign countries before and after the French commercial treaty, and are not those which refer to the Anglo-French trade alone. I subjoin the tables showing how the trade of England, both in imports and exports, increased after Peel's tariff reforms, and after the establishment of the French treaty; and I add, in order to illustrate my argument in its application to the trade with France alone, the imports and exports in 1855, 1860, 1865, 1870, 1873, 1874, 1875:

ing in 1875 £281,000,000, showing an increase of £117,000,000. These were the exports. I read the imports first. The total volume of exports and imports was, for the fifteen years ending in 1860, £375,000,000, and for the fifteen years ending in 1875 £655,000,000, being an increase of £280,000,000. [See foot-note 2.]

The CHAIRMAN. Have you investigated the fact as to whether the trade of Great Britain with other countries did not increase in exactly the same proportion in the same time?

Mr. MARSHALL. Undoubtedly it did increase; but I think that there was a marked increase immediately after the establishment of that commercial treaty.

The CHAIRMAN. Mainly because French wines could be imported into England free of duty.

Mr. MARSHALL. And silks also?

The CHAIRMAN. And silks also. But I think that the increase of business between France and England was not greater than that between France and other countries at the same time. I agree with you, however, that the removal of restrictions tends very largely to the increase of business.

Mr. MARSHALL. I think that this country would be benefited by a similar treaty with France.

The CHAIRMAN. I suppose you know that the difficulty with France is that these commercial treaties are very disadvantageous to the United States. We have no prohibition as to France, but we are not on equal terms with France. They actually prohibit the importation of many of our products, while they let those of England in free, or at low rates.

Mr. MARSHALL. I know that. France deals with foreign nations on the principle of commercial treaties.

The CHAIRMAN. Yes, and on the principle of taking care of France every time. You cannot cite France as an example of a nation that is progressing in the direction of free trade.

Mr. MARSHALL. I think I can. The average rate of duties under the French tariff is only 15 per cent., while the average rate of duties under our tariff is something like 40 per cent.

The CHAIRMAN. But the rates of labor are cheaper in France than they are in England. Therefore the French can compete as to every article (except where England has special advantages) on terms of equality, and therefore it is not necessary for France to have protective duties on those articles. Now, take the matter of iron. The duties on iron were not reduced by the Cobden treaty. Napoleon would not sacrifice the iron business in France; and the French iron business has steadily grown under the Cobden treaty, and the importations have not grown.

Mr. MARSHALL. I have not the figures of French importations, so that I cannot speak positively on that point. But now, to come to the question of the wages of workingmen. I am not an employer of labor directly, but I am indirectly. You are aware that all work on ships is done by a middle-man. That is, you make a contract for your work with a stevedore at a certain tariff of rates, and then he employs the men at the existing rates and pays them on the schedule of rates obtaining at the time. The wages of 'longshoremen in this city appear to have kept up very well. I believe that in the circular which you sent out you asked for some information of that kind.

The CHAIRMAN. Yes, we want it very much.

Mr. MARSHALL. Of course there are some questions in that circular to which I cannot reply, such as in regard to the rents of houses, the prices of commodities, &c. But I did ascertain the wages of 'longshore-men from 1860 to 1877. The wages of the laborers (as they call them) were forty cents an hour. 'Longshore-men are not paid by the day for any specified time, but are only paid for the actual time during which they are employed. They go to work, and when their work is finished, they knock off their work, and then they go to work again.

The CHAIRMAN. When were the wages 40 cents an hour?

Mr. MARSHALL. From 1860 to 1877.

The CHAIRMAN. And they were never changed in that time?

Mr. MARSHALL. No, sir; they were never changed. They received 40 cents an hour for day-work, and for night-work their wages were just double. Then, as to the riggers. They got 45 cents an hour by day, and for night-work they got 80 cents per hour. The foremen, the heads of gangs, got 50 cents an hour for day-work, and 80 cents an hour for night-work. That scale of wages obtained from 1860 to 1877. From 1877 down to the present time laborers get 30 cents an hour by day, and only 45 cents an hour for night-work. Foremen get 45 cents an hour for night-work.

Mr. MARSHALL. There are certain classes of laborers among the longshoremen who are employed to stow cotton, tobacco, and oil, and who receive ten cents more, forty

[2] My point is that the removal of restriction tends to increase trade to the advantage of both countries. A proof of this is the enormous general increase of exports and imports in England's trade after the tariff reform of Peel, and the establishment of the Cobden treaty; also, as shown in particular in the growth of trade between England and France.

cents instead of thirty cents, because the labor is presumed to be more arduous. I asked my stevedore what a steady man of this class, employed regularly from 1860 to 1876, could gain, on an average, a week, and he told me about $16. That is, a man in pretty steady employment and sought for as a good man in this desultory sort of work (because it is not a regular occupation) would make about $16 a week from 1860 to 1876. It appears that now our best men average about $12 a week, a reduction of $4 a week on the best men. I then asked him what the best years were for remuneration and steady employment of that class of labor, and he mentioned the years 1871, 1873, and 1874. In those years the men found the most steady employment, and he ascribed it to the Franco-German war, which created great activity in shipments in the beginning of this period. What the causes were later, I do not know. He stated that at times during the period a good man would make as much as $20 a week.

The CHAIRMAN. Is that a special business requiring unusual strength or skill? Because the wages seem out of proportion to the pay of common laborers.

Mr. MARSHALL. The business requires a good deal of strength and it also requires some skill, especially in the stowing of cotton; the bales have to be selected with care in order to get as many as possible into a given space.

The CHAIRMAN. Does your informant say that there is abundant employment now for these men?

Mr. MARSHALL. I asked him whether there was any particular distress among them at present, and he said he thought not; that though they did not earn as much as they used to, still they are able to maintain themselves and their families, because the prices of commodities are much less than when their business was more active.

The CHAIRMAN. Is the volume of employment as great as usual?

Mr. MARSHALL. There is not so steady employment as there was in the three years I have mentioned.

The CHAIRMAN. You say they are getting $12 a week now instead of $16, a reduction of one-quarter, but that that is because wages have fallen 25 per cent. That would indicate as much employment as usual.

Mr. MARSHALL. The reduction may be due to a combination of both causes. The probability is that the men are not getting so large wages, and also that they are not employed so constantly as they were. Probably the volume of work and the remuneration are both less than they were in the period I have mentioned.

Now take the wages of carpenters and calkers, people employed in the construction and repair of vessels. That used to be a very large industry here, but there have been hardly any ships built in this city since 1862 or 1863. There may have been one or two built besides one that I built, but shipping, as an industry, has disappeared.

The CHAIRMAN. Did trades-unions have anything to do with driving away the business of ship-building and ship-repairing from New York?

Mr. MARSHALL. That I cannot say. I only know that all the great yards have been compelled to close up and are doing nothing. From 1855 to 1869—shall I go back as far as 1855?

The CHAIRMAN. Go back as far as you are prepared to go. The information will be very valuable to us.

Mr. MARSHALL. From 1850 to 1855 the wages of a carpenter were $2 to $2.25 a day. From 1855 to 1860 there was no change. From 1860 to 1862 the wages went up slightly to $2.25 and $2.50 a day. Then in 1863 they went up to $2.50, $2.75, and $3 in many cases. In 1864 they went up to $3.75 and to $4, and even as high as $4.50. In 1865 and 1866 the wages were $4 and $4.50 a day—very high wages. In 1867 they came down, and were from $3.50 to $4, and sometimes $4.50 in exceptional cases. In 1868 they were $3, $3.50, and, in exceptional cases, $4, and in 1869 they were $3, $3.50, and sometimes $4. These were the wages of carpenters. The wages of calkers did not differ materially from these rates, though they were about twenty-five or fifty cents a day higher at times, as stated in this schedule. Calking is always well paid.

The CHAIRMAN. Do you think wages have fallen in those branches of business as much as the necessaries of life?

Mr. MARSHALL. I think not.

The CHAIRMAN. You think, then, that the purchasing power of the pay of these men is greater to-day than it was in the years you have given?

Mr. MARSHALL. I think that in this particular class of labor the purchasing power of the wages is greater than it was at that time.

The CHAIRMAN. Greater than in 1860?

Mr. MARSHALL. I don't know about 1860, but greater than when the wages reached their highest point.

The CHAIRMAN. Of course it is greater than it was at that time.

Mr. MARSHALL. Carpenters and calkers got in 1877 $3.50 a day, and they get now $3. A blacksmith in 1877 and the early part of 1878 got $3 a day, now he gets $2.75. Ordinary laborers in 1877 got $2 a day, now they get $1.75.

The CHAIRMAN. With those rates of wages prevailing, wouldn't it be pretty hard for

an American shipping merchant to compete with a British merchant who repaired his ships in British ports at the rates that prevail there?

Mr. MARSHALL. Yes, sir. I had an instance of that not long ago myself. I had occasion to re-metal here a ship which bears the name of my father, Charles H. Marshall, and shortly afterwards I had to have another ship re-metaled in Liverpool, which bears the name of Hamilton Fish, lately Secretary of State. I took occasion to contrast the relative cost of repairing those two vessels. They were about the same size and tonnage, having about the same area to be covered in each case. I took the number of pounds in both cases and compared them, and the difference in favor of the Liverpool work was something like $1,000.

The CHAIRMAN. About what percentage?

Mr. MARSHALL. The total work in the case of the vessel repaired here cost about $2,800, the one repaired in Liverpool cost about $1,800. That is after giving credit for the return of old metal.

The CHAIRMAN. A difference of very nearly 50 per cent.?

Mr. MARSHALL. Yes.

Mr. THOMPSON. What time was that work done?

Mr. MARSHALL. Within a few weeks. I asked one of the ship-builders here, Mr. Poillon, who built the yacht Sappho, to tell me about how large a class the carpenters and calkers are at present, but he has not given me any answer yet. I also asked him whether there is much distress among that class, and he says that, in his opinion, there is very considerable distress among them. I asked him also whether they were pretty fully employed, and his reply is that only about one-third of them have steady employment; I presume not the same one-third all the time, but that the employment is distributed among them, and that on an average one-third of them are employed. Of course, the only way I can get this information is by appealing to a number of persons interested practically in this sort of business.

The CHAIRMAN. We are very much obliged to you for taking the trouble, because it has been very difficult for us to get the information.

Mr. MARSHALL. In speaking of the difference in the cost of repairing these two vessels that I have mentioned, which is a very large difference, I must say that the work in Liverpool was done very cheaply indeed. We have very little money to spend on ships nowadays, you know. In fact, all the ships that I represent now are running pretty much for the benefit of the labor employed; certainly not for the benefit of the capitalist.

The CHAIRMAN. I was going to ask you whether the capital employed in your business of running ships yields a profit, or whether the ships are run for the employment of the laborer?

Mr. MARSHALL. Entirely for the employment of the laborer. I will give all the profits that I make out of my shipping interest for one-half of 1 per cent. per annum.

The CHAIRMAN. So it appears that in the shipping business, as was testified the other day by Mr. Dodge in respect to his business, the laborer has the benefit of a large capital without paying anything for it.

Mr. MARSHALL. Entirely so, so far as my experience goes; and I suppose that is the general experience. There is no return from the capital employed in running ships now, but of course that business gives large employment to labor, and the laborer benefits by it, while the capitalist gets nothing.

The CHAIRMAN. Still, the capitalist tries to keep it going in the hope of a change for the better.

Mr. MARSHALL. In the hope of a better time. A ship-owner is like the man who had hold of the tiger's tail: if he let go he would be sure to be killed, and it was death to hold on. If you lay up your ships they will deteriorate more than if you run them.

The CHAIRMAN. Therefore there is a profit in the business in the sense that the ships would deteriorate more if they were laid up than when they are kept running.

Mr. MARSHALL. Yes, sir.

The CHAIRMAN. That is, the profit is a *minus* quantity.

Mr. MARSHALL. Yes. Now, of course, every man has his own opinion as to the remedy required to bring about a different condition of things. Representatives of the workingmen have come before you and testified that in their judgment unlimited issues of greenbacks, or transportation to the prairies at government expense and other such measures, are the true solution of the difficulty; but my opinion is that all those schemes would be utterly nugatory and would only react upon the very classes for whose benefit they are intended, and leave them in a worse condition than before. I do not say this on account of any want of sympathy with the workingman, because I have an intense sympathy with the laboring class in this community, but I deny that those measures which are advocated in the interests of that class of our people would be effectual, and I am firmly convinced that they would simply operate to the injury of workingmen. I think, in the first place, that a reformation in our currency is the vital thing—to get it back to a sound basis, which will give stability to commercial transactions. Then let us have the fiscal legislation which is required to raise the load of taxation and adjust it properly to the shoulders of the people. I do sincerely

believe that we must have a revision of our tariff and the ultimate reduction of it to a revenue basis before we can have anything like stable, tangible prosperity in this country. Then, in addition to these measures, giving us a revenue tariff and a sound currency, I would abrogate our navigation laws, which are of no use even for the protection of the very class that they pretend to protect. I say to those people who claim that ships can be built as cheaply in this country as on the other side, that if this is so, there is no harm in abrogating the navigation laws, because ship-owners will be sure to go where they can get ships built cheapest and best; and, on the other hand, if ships cannot be built here as cheaply as on the other side, then the American ship-owner should be allowed to get his work done where he can get it cheapest, or else he is placed at a disadvantage. Then, in addition to these reforms, we require economy in the administration of our governments, both national and local, but especially local. Just think of it! the municipal debts alone of this country are a thousand millions of dollars. The chairman of this committee knows very well how largely municipal debt was increased in this country within the past few years and how enormously it has outrun the growth of population and wealth.

The CHAIRMAN. Yes, the growth of our debt has been much more rapid than the growth of our population.

Mr. MARSHALL. That, I think, is one of the greatest difficulties that we have to contend with in attempting to ameliorate the condition of the workingmen. We must have the reforms that I have indicated, and I firmly believe that if the workingman will help to bring about these reforms, and will at the same time practice sobriety, patience, and honest industry, he will find in this direction the true solution of his difficulties, and he cannot find it in any other way. He cannot find it from public charity, which is the intervention of government, nor from private charity, which is the intervention of individuals. He must depend upon himself and upon leaders who will put him in the right path and help him to bring about legislation which will inure to his advantage as well as to the advantage of all classes. This committee have thrown open their doors and invited representatives of every class to come and express their views, and I cannot but think that much good will come of it. Of course, a vast amount of nonsense has been talked in this room, but I do not think it will do any harm. If what I have said or anybody else has said here has truth or substance in it, it will have its effect; if not, it will have no weight. I thank the committee for the patient hearing they have given me.

The accompanying table shows the amount of American tonnage engaged in the foreign and coasting trade, from 1820 to 1860, by periods of five years, and from 1860 to 1877, by single years, and which may be useful as illustrating the rise and progress and subsequent decay of our shipping interests.

Years.	Registered vessels.	Enrolled vessels coastwise.
	Tons.	*Tons.*
1820	583, 657	539, 080
1825	667, 408	587, 273
1830	537, 563	496, 240
1835	788, 173	746, 116
1840	762, 838	1, 144, 664
1845	904, 476	1, 190, 898
1850	1, 439, 694	1, 755, 798
1855	2, 348, 358	2, 491, 108
1860	2, 379, 396	2, 599, 313
1861	2, 496, 894	2, 657, 293
1862	2, 173, 537	2, 578, 546
1863	1, 926, 886	2, 918, 614
1864	1, 486, 749	3, 204, 227
1865*	1, 518, 350	3, 353, 657
1866	1, 387, 756	2, 689, 152
1867	1, 515, 648	2, 627, 151
1868	1, 494, 389	2, 658, 404
1869	1, 496, 220	2, 470, 928
1870	1, 448, 846	2, 595, 328
1871	1, 363, 652	2, 722, 372
1872	1, 359, 040	2, 883, 906
1873	1, 348, 535	3, 116, 373
1874	1, 389, 815	3, 243, 656
1875	1, 515, 598	3, 169, 687
1876	1, 353, 708	2, 547, 490
1877	1, 570, 599	2, 488, 189

*New measurement from 1865.

The above includes steamships as well.

The registered steam tonnage was as follows:

ENGAGED IN FOREIGN TRADE.

Years.	Tons.	Years.	Tons.
1830	1,419	1871	180,914
1840	4,155	1872	177,666
1850	44,429	1873	193,424
1860	97,296	1874	195,245
1864	106,519	1875	181,689
1868	221,939	1876	198,227
1870	192,544	1877	190,133

From address of Charles H. Marshall, February 19, 1878.

The following table, taken from a little book called "Our Merchant Marine," written by Mr. Charles S. Hill in the advocacy of subsidies, and in the interest of certain ship-building yards in this country, shows the comparative estimate of American and foreign tonnage entered at ports in the United States from foreign countries since 1830:

American and foreign tonnage entered at ports of the United States from foreign countries in the following years, viz:

[From official figures.]

Fiscal years.	American tonnage.	Foreign tonnage.	American in excess of foreign tonnage.	Foreign in excess of American tonnage.
1830	967,227	131,900	825,327	
1840	1,576,946	712,363	864,583	
1850	2,573,016	1,775,624	797,393	
1860	5,921,285	2,353,911	3,567,374	
1861	5,023,917	2,217,554	2,806,363	
1862	5,117,685	2,245,278	2,872,407	
1863	4,614,698	2,640,378	1,974,320	
1864	3,066,434	3,471,219		404,765
1865	2,943,661	3,216,967		273,306
1866	3,372,060	4,410,424		1,038,364
1867	3,455,052	4,318,673		863,621
1868	3,550,550	4,495,465		944,915
1869	3,402,668	5,347,694		1,945,026
1876	4,711,949	12,218,365		*7,506,416

* This is a startling increase of foreign tonnage in the last seven years, viz, 128 per cent., and gives employment to over 350,000 foreign sailors, consequently leaving that number of our own seamen unemployed.

On examination of the official report of the Chief of the Bureau of Statistics on Commerce and Navigation, I find that the writer of "Our Merchant Marine" has erred in his figures for 1876. The amount of American tonnage entered at ports of the United States from foreign countries for that year was 3,611,436 tons; of foreign tonnage, 8,899,312 tons. The difference, therefore, in favor of the latter, is 5,287,876 tons. This, though not as startling as the figures given above, is sufficient evidence of the steady diminution of American tonnage engaged in foreign trade, as contrasted with that of other nations.—[*Extract from address of Charles H. Marshall, February* 19, 1878.

PROGRESS OF BRITISH SHIPPING.

In 1849 the protective navigation laws were in full force; they were repealed by an act passed June 26, 1849, which came into operation on the 1st of January, 1850. The following is an account of the total number of British vessels engaged in the home and foreign trade (exclusive of river steamers), registered at the two periods and subsequently, with the number of men employed, exclusive of masters. The total number of vessels, including river steamers, registered as belonging to the United Kingdom and the Channel Islands in 1875, was 25,461, and the tonnage 6,152,467.

	Number sailing vessels.	Tonnage.	Men employed.
1849	17,807	2,988,021	144,165
1851	17,664	3,215,665	131,277
1861	19,288	3,918,511	144,949
1872	19,709	4,245,904	137,101
1873	18,785	4,067,144	130,877
1874	17,926	4,037,564	128,733
1875	17,221	4,044,504	126,240

	Number steamers.	Tonnage.	Men employed.
1849	414	108,321	8,446
1851	520	144,741	10,660
1861	997	441,184	27,088
1872	2,845	1,515,704	66,619
1873	2,796	1,680,953	71,362
1874	2,946	1,827,624	74,873
1875	2,970	1,847,188	73,427

Totals.

	Number vessels.	Tonnage.	Men.
1849	18,221	3,096,342	152,611
1851	18,184	3,360,935	141,937
1861	20,285	4,359,695	171,957
1872	22,554	5,761,608	203,720
1873	21,581	5,748,097	202,239
1874	20,872	5,864,588	203,603
1875	20,191	5,891,692	199,667

Hence it appears that in 1875 there was an increase of 1,970 vessels (2,556 of them steamers capable of performing two or three voyages for one of sailing vessels) as compared with 1849; of 2,795,350 tons in their capacity, and of 47,057 in the number of men employed. The following is an account of the tonnage of British and foreign vessels, sailing and steam, entering and clearing, with cargoes and in ballast, at ports in the United Kingdom from and to foreign countries and British possessions:

Tonnage of vessels entered and cleared.

	British.	Foreign.	Total.	Excess of British tonnage.
1840	6,490,485	2,949,182	9,439,667	3,541,303
1854	10,744,849	7,924,238	18,669,087	2,820,611
1861	15,420,532	11,175,109	26,595,641	4,245,423
1871	28,034,748	13,513,130	41,547,878	14,521
1872	28,719,090	13,781,935	42,501,025	14,937,155
1873	29,647,344	14,792 642	44,439,986	14,750,409
1874	30,089,683	15,339,274	45,428,957	14,904,702
1875	30,944,744	15,332,094	46,276,838	15,612,650

The cost of a ship of 1,000 tons register, with sea equipments, not including provisions, equal in strength of fastening and quality of material to a first-class ship, may be stated thus:

	In 1860.	In 1869.
Labor	$23,000	$31,000
Timber, planking, and such material	16,000	22,500
Iron and copper bolts	9,500	14,000
Copper sheathing	2,600	4,000
Painting, tar, pitch, &c	900	1,500
Sails	2,600	4,000
Rigging	7,150	9,000
Anchor and chains	1,300	2,000
Cabin and furniture	1,300	1,800
Boats	650	1,000
	65,000	90,800

Wages of ship-carpenters and calkers from 1850 *to* 1869.

	Carpenters.		Calkers.
	On new work.	On old work.	
1850 to 1855	$2 00	$2 25	$2 25
1855 to 1860	2 00	2 50	2 50
1860 to 1863	2 25	2 50	2 50
1863	2 50 to 2 75	2 50 to 3 00	3 00
1864	2 75 to 4 00	3 00 to 4 50	3 00 to 4 50
1865 and 1866	4 00	4 50	4 50
1867	3 50 to 4 00	4 00 to 4 50	4 50
1868	3 00 to 3 50	4 00	4 00
1869	3 00 to 3 50	4 00	4 00

Present rate of wages on American ships, August, 1878.

	Europe.	East Indies.
First officer on merchant ships, per month	$55 00	$55 00
Second officer on merchant ships, per month	40 00	35 00
Third officer on merchant ships, per month	30 00	25 00
Boatswain on merchant ships, per month	25 00	25 00
Cook on merchant ships, per month	35 00	30 00
Steward on merchant ships, per month	40 00	35 00
Carpenter on merchant ships, per month	40 00	35 00
Sailors on merchant ships, per month	20 00	16 00
Boys on merchant ships, per month	12 00	.....

Present rate of wages on British ships, August, 1878.

	Per month.
First officer	£8
Second officer, large ships	6
Third officer, small ships	5
Stewards and cooks	5
Boatswain, large ships	5
Carpenter	6 10*s.*
Sailors' wages to Liverpool, with advance	3 10*s.*
Sailors' wages to East, with advance	2 15*s.*

10 able seamen as a rule, 18 seamen, 2 ordinary, 6 boys, and 13 apprentices to East.

Present rates of wages paid on board British steamers and ships.

Steamers, 1,000 tons and over:

	Per month.
Captain £25 per month and ¼ per cent. on the gross freight, less foreign disbursement.	
First officer	£11
Second officers	7
Third officer	6
Chief steward	7
Second steward	4
Cook	6
Second Cook	4
Carpenters	6 10*s.*
Boatswain	6 10*s.*
First engineer	18
Second engineer	14
Third engineer	10
Fourth engineer	8
Stokers and trimmers	3
Sailors	3

Sailing-ships, 1,000 tons and over:

	Per month.
Captain, £300 a year.	
First officer	£7 and £8
Second officer	5
Third officer and boatswain	£4 and £4 10s.
Steward	5
Cook	£4 to £4 10s
Sailors	3 to 3 10s

We have no law now regarding apprentices; formerly each vessel was bound to carry a certain number, say from four to six according to tonnage; most of the ship-owners, however, do carry them (from two to four per ship); they are bound for five years, and generally receive about £30 for the above term. Formerly in some of the London ships (Green's, for instance) apprentices used to pay a premium.

LIVERPOOL, *September* 23, 1878.

Pauperism in England and Wales.

	Population, all classes.	Paupers.
1849	17, 564, 656	934, 419
1863*	20, 590, 356	1, 142, 624
1864*	20, 834, 496	1, 009, 289
1871	22, 760, 359	1, 089, 926
1872	23, 067, 835	977, 664
1873	23, 356, 414	890, 372
1874	23, 648, 609	829, 281
1875	23, 944, 459	815, 387
1876	24, 244, 010	749, 593

*American war and cotton famine.

Thus pauperism has steadily decreased since 1872, and with a much larger population there are in 1876 185,000 less paupers than in 1849.

Imports and exports of England.

	Total imports and exports.
1855	£259,655,602
1860	375,052,224
1865	489,903,861
1870	547,338,070
1873	682,292,137
1874	667,733,165
1875	655,551,800

I have not the figures for 1876, 1877.

Mr. MARSHALL subsequently furnished the following memorandum:

Memorandum of wages paid longshoremen from 1860 *to* 1877.

	Per hour, day work.	Per hour, night work.
Laborers	40 cents.	80 cents.
Riggers	45 cents.	80 cents.
Foremen	50 cents.	80 cents.

Wages paid from January, 1877, *to present time.*

	Per hour, day work.	Per hour, night work.
Laborers	30 cents.	45 cents.
Riggers	40 cents.	45 cents.
Foremen	45 cents.	45 cents.

With the exception of cotton, tobacco, and oil gangs, who still receive forty cents per hour.

The average wages of the steady men employed from 1860 to 1877 was $16 per week.

At present our best men average about $12 per week.

The best years during above time were 1871, 1873, 1874, when steady men averaged $20 per week.

The wages paid in New York.

	1860.	1869.	1877.	1878.
Ship-carpenters	$2 00	$3 00	$3 50	$3 00
Shipwrights (repairing)	2 50	4 00	.....	.....
Calkers	2 50	4 00	3 50	3 00
Sawyers	1 75	3 00	.....	.....
Fasteners	2 00	3 50	.....	.....
Blacksmiths	2 00	2 75	3 00	2 75
Blacksmith helpers	1 25	1 62½	.....	.....
Ship joiners	2 00	3 50	.....	.....
Ship-painters	2 25	4 00	.....	.....
Laborers	1 00	1 62½	2 00	1 75

	1860.	1869.
Live-oak timber, cost per cubic foot	$0 95	$1 25
Oak timber for frames, cost per cubic foot	50	70
Yellow-pine timber, per cubic foot	35	50
Yellow-pine plank, per thousand	28 50	36 00
White-pine timber, per cubic foot	20	30
White-pine deck plank, per thousand	37 50	50 00
White-oak plank, per thousand	40 00	65 00
Oak knees, per inch	1 00	1 75
Hackmatack knees, per inch	54	85
Iron bolts, per ton	52 00	96 00
Copper bolts, per pound	30	33
Copper for sheathing, per pound	27	33
Yellow metal, per pound	20	27
Yellow metal for bolts, per pound	25	30

Mr. MARSHALL subsequently furnished the following paper:

I desire to amend my testimony before the committee so far as my statements in regard to the cost of wooden and iron vessels are concerned.

I stated that the cost of wooden vessels was at present from $60 to $65 a ton. This figure is too high. Wooden ships can be built "down East" to-day at $50 per ton. An inferior ship can be built for less; but a first-class vessel, capable of the highest classification, would cost even now at least $50 a ton, ready for sea, with what is called an "East India outfit;" but the above price would hardly include the cost of metaling.

There is very little activity in ship-building at the present time, and the yards of the country are comparatively idle. Ship-builders, therefore, are willing to accept a contract for a ship at almost the cost of construction, in order to use up their material on hand and to give employment to their workmen. Messrs. Chapman & Flint, of Bath, told me they would build a ship for no profit at all, simply to give wages to their workmen, superintendent, &c. As materials are also very cheap, it is no wonder that the cost of building wooden ships is very reasonable, and the price I have given ($50) is one created by abnormal circumstances, and is hardly a criterion as applied to ordinary times.

I have written to several ship-builders for information on the above points, but I regret to say that I have received but few responses; but from these replies, and from conversations with those who possess a knowledge of the subject, I have no hesitation in saying that what I have stated is substantially correct. To build a first-class ship in all respects, and give her an East India outfit, would, in my opinion, cost, without copper, $50 a ton. I subjoin a list of vessels launched and in process of building during the year 1877, which may be of use in its bearings on this subject.

After the delivery of my testimony before the committee I wrote to England for information as to the cost of iron ships and steamers, and I now submit to the committee the results of that correspondence.

From a gentleman connected with the board of trade, and who has competent sources of information, I have received the following:

"A first-class iron ship with 'East India outfit' could, I believe, be contracted for to-day at £12 12*s.* per register ton, and a good steamer, suitable for ordinary trades, at £10 to £11 per ton on her dead-weight capacity. The East India outfit for the ship includes all stores ready for sea except provisions, and the value of it would be about £3 per ton over the values of hull, masts, and spars; but, as I have said above, the total cost would, I believe, be to-day £12 12*s.* per ton.

"As to the capacity, consumption of coal, speed, &c., of a steamer, everything depends upon the work she is registered for, and apart from this any opinion given to you would not be worth having.

"There is a fair amount of activity in ship-building on the Clyde, but nothing extraordinary, and, as far as my information goes, I should say there is an indisposition on the part of capitalists, large and small, to invest in shipping property, except in the case of those already embarked in the trade, who are obliged to provide for their requirements and to obtain from time to time vessels of modern construction and with modern improvements.

"Steamships in this country, in my opinion, are fairly employed, but that is all. I do not know that many steamships are laid up now, except steamers, which are, as your question suggests, obsolete and unable to compete with those of modern construction.

"The term 'floating coffin' is one I fail to understand. If it is supposed to describe a class of ships peculiar to British ownership, it is, to those well acquainted with shipping affairs, absurd.

"In England, as in other countries, there are badly-built, badly-sailed, and badly-laden vessels to be met with; but these are the exceptions and not the rule, and I am not aware that the exceptions in England are more numerous than elsewhere.

"Mr. Plimsoll's efforts were mainly against overloading and to secure a recognized and approved load-line. I have not heard of any efforts being made by ship-owners or ship-builders to obtain a change of the navigation laws of America, and I do not feel qualified to offer an opinion as to the bearing of these on the English shipping interest."

From another correspondent I have the following:

"The current price per ton of an iron sailing ship of, say, 1,550 tons gross register, with highest class in English Lloyds Liverpool registry for iron vessels, Germanic Lloyds, or in the Bureau Veritas, with a first-class outfit, well finished in all respects and ready for sea (except provisions), built by builders of repute, would be £13 to £13 10s. per ton. This vessel would carry 2,250 tons of dead-weight or even more.

"All modern iron ships in this country are built so that they can take the highest class in one or the other of the above books.

"In some instances the general finish of fittings about the decks and in the cabins is inferior, and the outfit less ample and of not so good a quality. By this I mean rigging, running-gear, hawsers, sails, and a short supply of smaller gear; also a suit and a half of sails. In such cases we should consider a vessel inferior, and her cost would be from 5 per cent. to 10 per cent. a ton less than the price quoted above.

"The term 'East India outfit' is now almost obsolete. It was in vogue when the conveying of cargo and passengers was done by wooden vessels sailing from London to India. It has gradually died out, as iron sailing-vessels and steamers have taken their place. At the same time, what is now known as a first-class outfit is quite equal if not superior in many respects to an 'East India outfit.' Provisions are not included in the outfit.

"Steamers are seldom contracted for by the ton, as they vary so much in proportion and grades of strength and class that to give the price per ton would be misleading. The current price for a steamer, to take the highest class in either of the registers, would be, with accommodation for, say, 25 cabin passengers, length 360 to 370 feet, 40 feet beam by 32 feet depth, with a speed of from 10 to 11 knots an hour, £62,000 to £65,000. Consumption of coal, 26 tons a day of 24 hours. Carrying capacity, including coal, on a draught of 23 feet, 3,500 tons dead-weight.

"I believe the cost of the 'Germanic' White Star Line was about £190,000. I think such a steamer could now be built for £120,000 to £130,000.

"Ship-building on the Clyde, Mersey, Thames, is not very brisk. On the east coast there is more doing, principally steamers for short voyages, such as the Baltic, Mediterranean, and coasting trade.

"There are not many iron sailing-vessels building at present.

"Ship-owners are giving their attention to steamers, and I am of the opinion that they are right, if they are only fortunate enough to get steamers properly proportioned for their requirements, which in too many instances has not been the case. This is one of the drawbacks that steam has had to contend with.

"A great proportion of the sailing and steam shipping of the United Kingdom is owned by co-owners in one ship. I do not think there are many vessels building now in anticipation of better times. Probably this was the case some twelve or eighteen months back. The long continuation of low freights has to a great extent put a stop to that.

"There is a considerable amount of steam-tonnage unemployed in the United Kingdom, but not nearly so much as there was eighteen months back. Many of those still unemployed are of such construction in hull and machinery that it is questionable if they would pay even in good times. Some of these are being reconstructed, and the cost of doing this is in some cases almost equal to that of a new vessel.

"There are a good many sailing-ships laid up, but the greater proportion of them are wooden ships unfit for service or which require extensive repairs.

"Plimsoll's crusade was against anything likely to endanger the lives of sailors, whether overloading worn-out and unsound vessels or defective construction.

"The commercial marine of England is composed of English, colonial, and States-built

wooden ships, and English iron-built ships. Iron ships, barring accidents, and if kept clean and properly cared for, are exceedingly durable. In fact, it is not practicable to fix their duration. Several large iron vessels are now being built for the timber trade, and if they can be made to pay, they will operate against the employment of wooden vessels, and make these of little value in that trade.

"I am not aware of any effort being made by English ship-builders or ship-owners to have the United States navigation laws changed, but in my opinion the sooner the United States make this change the better it will be for them if they wish to hold any position as a maritime nation. England is fast absorbing the trade of the world with her iron ships and steamers, and until the States are able to compete with this country in iron ship-building, I think their interests would be served by coming to this country for their vessels.

"I have no doubt that ship-owners in this country would like to sell their ships and steamers that are lying up, but I never heard of any influence being exerted on legislation in the United States to bring about any change which would enable them to do this.

"It makes no difference to ship-builders who they build for, and it matters not to the world at large by whom the carrying trade is done. Those who can do it the cheapest must be the successful ones. I am of the opinion that the United States navigation laws operate against them severely in fettering them in their competition with us in the carrying trade of the world.

"The advantages of iron vessels over wood are many. In the first place, they are more durable. An iron vessel of the same size and classification as a wooden one is stronger, a better carrier of dead weight, has larger capacity, and is less expensive in maintenance.

"The size of iron vessels has increased so rapidly, and in my opinion will continue to do so, that it will be almost impossible to construct large wooden vessels of equal strength and capacity without literally loading them with wood, so that in time a nation which sticks to wooden vessels must certainly be overmatched by those who have adopted ships constructed of iron or steel.

"Iron ships get a preference over wooden ships in most foreign ports, and I believe an invariably higher rate of freight, say 2*s.* 6*d.* per ton."

The above information comes from data furnished by several well-known ship-building firms on the Clyde and in Liverpool; also from a firm of marine engineers of high position in the latter city. The source, then, can be considered as absolutely trustworthy. My correspondent is a person of experience, well versed in commercial and shipping matters, a merchant in Liverpool in a house doing a business with this country, and is one who has a thorough understanding of the subject under discussion.

We see, then, as a result of our inquiries, that vessels constructed of wood must become obsolete within a short time, even if they are not now so, and that a country must build or buy iron vessels of the most recent and improved construction in order to obtain a share of the carrying-trade of the world.

WOODEN SAILING-SHIPS.

They cost, in the present depressed times, without copper, some $50 a ton. Their classification is for nine years. Their carrying capacity is less than that of iron vessels. Iron ships can carry on an average at least 10 per cent. more than wooden ones. Their maintenance is more expensive, and a wooden ship is always in need of repairs, from which iron vessels are freed.

IRON SAILING-VESSELS.

Their cost at present is, on the Clyde and in other ship-yards in Scotland and England built in a first-class manner, as shown in the letters quoted, £12 12 to £13 10, say $60 to $67.50 per ton.

Advantages.—Greater durability; practically indestructible, in fact. A well-built iron ship should last one hundred years. The Great Britain, now nearly forty years old, is still running as a sailer, I believe. The classification of an iron ship is for twenty years, as against nine for a wooden one. Larger carrying capacity—at least 10 per cent. more, on an average; an enormous advantage. Less expense of maintenance—no repairs needed; no copper every three years, only cleaning and painting of bottom, a very inexpensive item. Carry cargoes better, and get thus a preference over wooden vessels in the markets of the world, and higher freights.

Steamers can only be built of iron, as the necessary strength cannot be given to wooden screws to make them safe. Wooden steamers must go out of existence.

Such being the advantages of iron over wooden vessels, and it being absolutely indispensable that this country must compete, if it compete at all, on equal or nearly equal terms with commercial nations, if it expects to obtain a share of the carrying-trade; and furthermore, Mr. Roach having acknowledged that iron ships cannot yet be built

here as cheaply as on the Clyde, the question arises: Are we to go without iron vessels, and thus lose all the carrying-trade, or shall we seek them where they can be procured on the same terms as they are obtained by our competitors? Are the navigation laws to be perpetuated for the purpose of building up a sickly industry, which has never produced but one iron ship (the Iron Age,) and, in the mean time, are we to see the Englishman and Frenchman and German taking the place which our own citizens would, with equal facilities, occupy? Such stupidity is unworthy of our legislators, as it is disastrous to the best interests of the country.

CHARLES H. MARSHALL.

NEW YORK, *October* 23, 1878.

Vessels launched and in process of building, 1877.

Rig.	
Steamers	21
Ships	30
Barks	38
Barkantine	1
Brigs	3
Brigantine	1
Schooners	68
Steam schooner	1
Sloop	3
Steam lighter	1
Steam gunboat	1
Propeller barge	1
Ferry-boat	3
Fishing vessel	2
Boat	1
Yacht	5
Steam yacht	2
Steamboat	1
Steam propeller	1
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VIEWS OF MR. ROBERT F. AUSTIN.

NEW YORK, *August* 26, 1878.

Mr. ROBERT F. AUSTIN appeared before the committee at its invitation.

The CHAIRMAN. Please state your business, Mr. Austin.

Mr. AUSTIN. I am a wholesale grocer.

The CHAIRMAN. I understand that you have some views to present to the committee in regard to the bad effects produced by the connection of corporations with business ordinarily carried on by private individuals.

Mr. AUSTIN. I have.

The CHAIRMAN. Be good enough to state them.

Mr. AUSTIN. It is a well-known fact, I suppose, to the people of this country that within the last twenty years the functions of government have been very strongly moved in the direction of legislation in the interest of capital. When I speak of capital I do not speak of it in a hostile sense at all. I simply speak of capital as a thing necessary to move property and to give employment to labor, just as necessary as any other commodity that produces a desired result. But when legislation takes a form that gives capital an advantage over labor, a form inimical to the rights and interests of the individual as part and parcel of the community, then I hold that capital is trenching upon the rights of individuals, and that the State has no business to step in and give capital that vantage-ground as against individuals. For illustration, go back twenty-five years and you find that the manufacturing of railroad-cars, locomotives, and almost everything connected with the railroad interest in this country was done at private shops, by copartners in business, or by individuals in their individual capacity; but a change has taken place, and I wish to lay down the proposition here, that when the governments of the States granted charters to railroad corporations to carry freight and passengers from one point to another, they did not thereby confer upon them the right to keep hotels, to enter into the manufacture of iron or wood, or in any way to trench upon the rights of individuals who, as part and parcel of the body politic, must live as well as the corporations. Railroads no doubt come in for a large share of abuse which they do not deserve. I am no enemy

to railroads, no enemy to any corporation that keeps within the boundaries provided for it when it is organized; but when a corporation, having a concentration of capital with which individuals cannot hope to compete, undertakes to invade and overrun other industries, then I do protest with all my heart and soul. Further, I think that this expansion, beyond their legitimate sphere, has been injurious to the railroad companies themselves. I speak with diffidence, but, in a broad sense. I do not think it has done the railroads any good, and I am sure that it has injured the community. Go from New York to Chicago, and you cannot find a single railroad company that has not, within twenty years, spread out beyond its charter-powers and undertaken to manufacture everything that it needs. They have undertaken to manufacture their own brick, and their own cars and locomotives; they have undertaken to keep the hotels along their lines, and to-day you cannot buy a piece of pie or a cup of tea on any fast train without paying tribute to a railroad corporation. Now, have we any right to allow the State to organize a concentrated capitalist in the form of a corporation, and give it privileges which no individual can possess in his private capacity?

For what is a railroad corporation organized? To build a railroad between New York and Buffalo, or between Buffalo and Chicago, to carry freight and passengers. That is the object that is placed before the public, and the people seeing that such an artery of commerce would be very valuable to them, grant the privilege. When the corporation starts, it is content to go to Mr. Wasson, of Springfield, or to Eaton & Gilbert, of Troy (whose cars I used to see in old times on all the railroads, but I do not see them any more), to buy its rolling-stock; but as the corporation accumulates money all this changes; and now when you ride in one of their cars you see upon it an inscription stating that it is made in the car-shops of the railroad company. The result, of course, is that these private industries are dried up, and mechanical labor is being run in grooves under the control of a few men; so that if Mr. Vanderbilt should make up his mind to-morrow that he did not want to build any more locomotives between here and Chicago, he could shut up nearly all the locomotive works at once. This concentration of such control over the industries of the country in the hands of a few men is dangerous; and it is an intrenchment upon the interests and rights of the people which was never contemplated when the railroad companies were organized. We say that we have in this country a democratic government. If we have, we must take into account the right of the individual to live just as much as the right of a corporation to do a great work. It is no part of the business of a democratic government to ignore any individual who will make an effort for himself. I am as much opposed to the government's giving aid to a man who will make no effort for himself as anybody in the world can be; but I insist that capital must not go into our legislatures, and into the halls of Congress, and ask the people of the United States to give them millions of acres of the public land or to grant them charters conveying special privileges, and then, when the time comes, by concentrating an amount of capital which puts it beyond the power of individuals to compete with them, by speculation, by foolishness (for they are no wiser than other men), carry on speculations until they explode, as they did in 1873, and not only go down themselves but carry all the other industries of the country down with them. I am a friend to railroads, but I do not believe that it is the business of a railroad to make locomotives, to make cars, to mine coal, to keep a hotel. I think those are businesses that belong to the people of this country in their individual capacity, and I do not think the people have delegated any such powers or privileges to these corporations. It is a mere usurpation and abuse of the privileges conferred by the charters of these corporations. What we want is a fair division of labor. You had a man here who told you that he believed there was a mal-division or mal-distribution of labor. He was as near right as a man can be. The trouble is that our corporations have obtained great charters from the government, and then when the poor man comes along and says, "I think Uncle Sam ought to give me a farm, and $500 to start it with," a great outcry is raised, "O, we must not have a paternal government." I do not believe in a paternal government; but I don't want the government, while it refuses these favors to the poor man, to give it to a rich man or a number of rich men under the form of a corporation.

The CHAIRMAN. When a railroad company builds its own locomotives does it employ any less number of men than an individual would employ in building the same locomotives?

Mr. AUSTIN. I don't know whether they do or not. I don't want to stop at this point.

The CHAIRMAN. I do not wish to interrupt you, but I want to find out the grievance of which you complain. You think there is a mal-distribution of labor; but if a railroad company in building its own locomotives employs as many men as the individual would employ, where is the grievance?

Mr. AUSTIN. Mr. Chairman, every man in this country does not want to stand always in the position of a laborer. I do not want Mr. Vanderbilt or Mr. Scott to take my work out of my hands and reduce me to the position of a laborer. It may be that I would be as well off if I never aspired to anything higher, but that is not human na-

ture; yet if you let this corporate encroachment upon the rights of the people go on unchecked, the mass of our people never can aspire higher.

The CHAIRMAN. How does it differ from the case of Mr. A. T. Stewart, who absorbed any number of middle-men into his business?

Mr. AUSTIN. I believe that Mr. A. T. Stewart was a representative merchant, with a great deal of brains in his head. You never saw Mr. Stewart go into any legislative hall in his life to ask for anything. There is no record that he ever went to Congress or a State legislature in his life. Now, when the Almighty puts into a man that organization of brain and capacity by which he can achieve great results, he is not to blame for using his talents.

The CHAIRMAN. Was Mr. Stewart a benefactor or an injury to society?

Mr. AUSTIN. He was a benefactor to society.

The CHAIRMAN. Then the concentration of business in a few hands is not an injury to society?

Mr. AUSTIN. Mr. Stewart was simply a striking illustration of what a man by well-directed effort could attain without State aid. Mr. Stewart was the brightest example of a private individual business man that we have had in this country for one hundred years, for the reason that he amassed the whole of his fifty or sixty or one hundred millions, whatever it was, by his own unaided talent and industry, and he did it all and maintained the reputation of giving sixteen ounces to the pound and thirty-six inches to the yard. Mr. Stewart was a rich man, but I am willing to give him all that he is entitled to, as I am to every man. I want to answer your question a little more fully. Suppose it to be true that the railroad companies will pay a man who serves at their counters as much as any hotel-keeper in any other locality will pay, at the same time they concentrate the business of hotel-keeping in the hands of a few corporatons, and the man who serves at the counter must always continue in that position, whatever may be his capacity. It is this concentration of business in the hands of a few that the people will not stand. They will insist that when a corporation goes to the legislature and obtains a charter to do a certain thing, it shall be limited to the objects defined in the charter, and shall not use the advantage it derives from its special privileges to encroach upon the private industries of the people and take away their business.

Take the panic of 1873. Thoughtful men saw before that panic that this centralization of labor and employment in a few great channels must end in an explosion. And why must it end in an explosion? Ambition grows by what it feeds on. Take almost any man in the world and put him in a place where he wields great power, with new opportunities opening up before him all the time, and he must be a great deal above the average of men if he does not commit excesses. From 1863 and 1864 to 1873 we had capital, concentrated in a few great corporations, running to the legislatures and to Congress to obtain advantages which individuals did not ask and could not get, and what is the result? It is that we see a man in this country who about twelve years ago started in the railroad business with a capital of only fifteen millions of dollars, and who, when he died a year or two ago, could sell his securities in the market for one hundred millions of dollars and more, I am told; and remember that during half of the period when this one man made such accumulations the general business of the country was on the down grade. The great mass of the people were growing poorer when this man with his twelve or fifteen millions to start upon grew rich so fast that he died worth one hundred millions. Now, if that man accumulated his money in the same manner that Mr. Stewart did, without getting aid from the government, and by treating the community fairly, he was entitled to it. But if he did it by perverting the powers of a great corporation and abusing the privileges granted by the people, in ways which were tyrannical and oppressive to the people, then the privileges should be taken away.

The CHAIRMAN. Did Mr. Vanderbilt establish any locomotive factories?

Mr. AUSTIN. He has got locomotive factories and repair-shops.

The CHAIRMAN. He has repair-shops on his line to keep his locomotives in order, and when he has no repairing for them to do they have undoubtedly built some locomotives, but those shops have not supplied the New York Central Railroad with locomotives generally. Again, has Mr. Vanderbilt gone into the business of mining coal? That is one of the grievances that you complain of, and yet this particular corporation, where this great amount of money was made, is free from the very objections which you have urged; in other words, state in what particular Mr. Vanderbilt has gone outside of his charter.

Mr. AUSTIN. I read on his cars "Manufactured at the car-shops of the New York Central Railroad at Schenectady," "Manufactured at the car-shops of the New York Central Railroad Company at Albany." I do not single out that road offensively. I simply say that wherever any of these corporations goes outside of its regular business to usurp the place and the function of the private manufacturer, it ought to be prevented. I believe that one of the principal reasons why the charters were granted so freely to these corporations was the general belief of the people that, while rail-

roads were the most scientific and effective mode of moving property and passengers from point to point, the companies at the same time would be great patrons of the general industries of the country; and I say that when the companies use the capital they have accumulated by the favor of the people to manufacture the very things that those people want to sell them, it is wrong. If they have a right to do that I want to know why they might not after awhile come into this street and drive out all the merchants.

The CHAIRMAN. Was it wrong for Mr. Stewart to engage, late in life, in manufacturing the goods that he sold?

Mr. AUSTIN. No, sir; it was not.

The CHAIRMAN. He originally confined himself to buying and selling, but later he went to manufacturing the goods that he sold.

Mr. AUSTIN. That was all right.

The CHAIRMAN. Where is the difference between him and a railroad company in that respect?

Mr. AUSTIN. The difference is this: Mr. Stewart, when he wanted to go into the manufacture of any line of goods, did not go to Albany and obtain a special privilege which other individuals could not obtain.

The CHAIRMAN. Neither did Mr. Vanderbilt. He simply bought stock of the New York Central and Hudson River Railroad, which was in existence long before he had anything to do with it.

Mr. AUSTIN. How did he use it?

The CHAIRMAN. In what respect has he violated his franchise? If you will point that out, the attorney-general of the State of New York is bound by his oath of office to go into court and try to vacate the charter.

Mr. AUSTIN. That is what ought to be done.

The CHAIRMAN. Then your remedy is not in this committee-room. Go straight to the office of the attorney-general and point out where Mr. Vanderbilt is violating the law, and it will be the duty of the attorney-general to begin proceedings against him at once.

Mr. AUSTIN. You asked me if it was wrong for Mr. Stewart to manufacture the goods that he sold. I say no, because he was a private individual, seeking by legitimate means, which were open to every other individual, opportunities to make gain. Every man has a right to do that. But when you give charters to capital concentrated in the form of a corporation, you give powers and advantages that no individual can possibly possess, and the only safety is to accompany those powers with wholesome restrictions, which will protect the individual against the encroachments of capital.

The CHAIRMAN. Could not Mr. Vanderbilt set up a hotel if he wanted to?

Mr. AUSTIN. I do not speak of Mr. Vanderbilt, but of the New York Central and Hudson River Railroad Company, a great corporation.

The CHAIRMAN. Suppose that Mr. Vanderbilt owned the whole of that railroad, would it be any more wrong for him pay to have the company set up a hotel than for him to set one up himself?

Mr. AUSTIN. The New York Central Railroad Company is the creature of the State of New York, created by the State to carry freight and passengers, and it should be limited to that function.

The CHAIRMAN. The action of that corporation is either according to law or against law. If it is against the law of New York, we cannot remedy it in Washington. Your recourse is to the attorney-general of the State.

Mr. AUSTIN. You speak from a Congressional standpoint, and if you desire I will keep to that.

The CHAIRMAN. We must keep to that. We cannot do anything else.

Mr. AUSTIN. Well, then, so far as the remedy for our present evils are concerned, it is to call the attention of the men who sit in our public places to the fact that for twenty years capital has been besieging not only the State legislatures but the Congress of the United States and asking for privileges for which the people have not asked, and which they could not receive in their individual capacity if they did ask. I do not think it is worth while for me to enlarge upon this. I do not want to take up your time unnecessarily.

The CHAIRMAN. No. We had an appointment with a witness at twelve o'clock, and he is here. It is not necessary for you to proceed unless you have some pertinent facts to present upon which we can act. You must see that these views of yours are better fitted for publication in the newspapers than for this committee.

Mr. AUSTIN. Would you like to ask me as a business man what my view of the depression is?

The CHAIRMAN. I did not ask you to come here for that. You stated that you could point out some difficulties caused by violations of law by railroad companies and other corporations.

Mr. AUSTIN. You asked me a question in regard to the relations of food and labor.

The CHAIRMAN. Yes. We will hear you on that.

Mr. AUSTIN. I have been in business in the city of New York in the sale of food-products since 1860. I would say first that I do not think that the question whether a pound of tea is worth as much as it was in 1860 reaches the point that this committee ought to try to reach, but my observation is that, aside from internal and external taxation, every article of food that I know of, save coffee and rice, is as cheap now as it was in 1860. I think that clothing is cheaper. I think that meats are as cheap. I think butter is a little cheaper; cheese is a little higher; but I think on the whole that the average prices of food and clothing to-day, and for the past twelve months, have been as cheap as they were in 1860.

The CHAIRMAN. Then if the laborer were getting the same rate of wages that he got in 1860 the purchasing power of wages would be as great as in 1860.

Mr. AUSTIN. Yes.

The CHAIRMAN. And the laborer would be as well off.

Mr. AUSTIN. Yes; I think he would, and I do not know but he is. There is one other cause that I want to put on record here why business men like myself, in a small way and others in a large way, are troubled in these times. The citizens of the country cannot be expected to rise above the honesty of their legislators.

The CHAIRMAN. Put it the other way. Can the legislators rise above their constituents? That is the point.

Mr. AUSTIN. I simply say this, that unless there is a better feeling brought about between capital and labor we shall not have an end of this depression; unless men with large means stop conspiring to get advantages that their fellow-citizens cannot get, and unless the people generally show more friendliness to capital which is fairly invested, we shall not find relief. When men stand up and publicly advocate the repudiation of public debts, it will not be a great while before private citizens will take the same ground as their legislators and repudiate their private debts. I believe that the cure of our difficulties depends more on the restoration of confidence between man and man, upon the return to the old-fashioned integrity in meeting all obligations even if it is not pleasant or easy to meet them, than upon anything else. There is a demoralization among our people so that they will not struggle as they used to struggle to meet an honest obligation. This very day I received a letter from a man who not more than three weeks ago told me that if I would forbear with him in regard to the payment of a debt, I need not have the least trouble or risk about it; I did so, and now he turns round and writes me that if I will take 20 cents on the dollar he will pay me, but if not, I will not get anything. That, I think, is proper subject to be brought before this committee, for you represent the authors of the bankrupt law.

The CHAIRMAN. No; so far as this Congress is concerned we are the authors of the repeal of that law.

Mr. AUSTIN. I believe that the demoralization growing out of that law, which enables men to obtain the property of other men without paying for it, has had more to do with the stoppage of our factories and the general depression of business than any other cause.

Mr. RICE. Well, the bankrupt law has only five days more to live.

Mr. AUSTIN. Yes, but you cannot let down a gate and create demoralization on a large scale and then suddenly stop it all at once. Some of the effects will remain after the cause is removed. I would say to every poor man (and I am not a very rich man), that in my judgment we must have a feeling of mutual confidence between the business interests and the laboring interests of the country; workingmen must feel that capital is entitled to a return for its use, and capital must feel that labor is entitled to its due share of compensation, and every man must feel that if he goes to another man and buys from him a coat or hat, he has no moral right to wear it unless he pays for it.

The CHAIRMAN. Those are moral propositions which I suppose we all appreciate.

Mr. AUSTIN. Yes, I suppose so; but I want to get before the people the fact that we are bound indissolubly together for weal or woe, and the only relief that can come to us must come through the integrity of men in their dealings with each other, and I tell you that with the reckless spirit of speculation and adventure that is abroad in this country we have not got so many of the old-fashioned men who would stand right up and pay their debts while they had a dollar to pay with.

The CHAIRMAN. I must say that I think there is a great deal of exaggeration on that point. It has been put in evidence here that the number of failures in the United States was 38,000, which makes quite a small percentage of the whole number of persons in business. In the business which I have conducted since 1845 I find that only two per cent. of all the people that we have ever dealt with (and I apply this statement to the last five years particularly) have failed either through misfortune or through fraud. That is, we have found about 98 per cent. of those "old-fashioned" men that you speak of.

Mr. AUSTIN. Why should you have even that two per cent. of failures?

The CHAIRMAN. Ah! the misfortunes of life, bad judgment—a great many causes; in some few cases rascality, but the rascals would not be one per cent. or one-half of one

per cent. and I believe that the standard of human honor, although, of course, not the same in all circles, is as high to-day as it has ever been at any period.

Mr. AUSTIN. Well, it won't be as high as it has been if the present state of things continues. I do not charge that the masses of men are dishonest, but speculation first and then the hard times have led people to take advantage of that law.

The CHAIRMAN. But the Constitution of the United States contemplated a bankrupt act. It was passed in good faith on the demand of the great mass of the people. It worked badly, and it has been repealed. That shows that the public judgment goes in the right direction as a rule.

VIEWS OF MR. GEORGE WALKER.

NEW YORK, *August* 26, 1878.

Mr. WALKER appeared before the committee on its invitation.

The CHAIRMAN. Please state your residence and business, Mr. Walker, and what has been your business experience.

Mr. WALKER. I have been a resident of the city of New York for the last nine years. I formerly resided in Springfield, Mass., and was for eight years president of a bank there. At one time I was vice-president of the Western Union Telegraph Company, and I am now vice-president and manager of the Gold and Stock Telegraph Company.

The CHAIRMAN. You were also, I believe, before you came to New York, one of the bank commissioners of the State of Massachusetts.

Mr. WALKER. I was for nearly four years.

The CHAIRMAN. I think you have given very diligent attention for many years to questions pertaining to finance and industry, and have been rather an extensive writer on those subjects.

Mr. WALKER. I have for twenty years taken a good deal of interest in questions of currency and banking, and I have written somewhat frequently on those subjects.

The CHAIRMAN. So that your experience consists of both the study of the theory and the practice. You have had a large experience in practical business?

Mr. WALKER I have had considerable experience in practical business. Beginning as a lawyer for 15 years, I have been connected with banking and telegraphing for the last 15 years.

The CHAIRMAN. Have you given attention to the state of business which has prevailed in this country prior to and since 1873, the condition of depression which has existed for some time, and the question of a remedy, and how capital and labor can be made mutually remunerative?

Mr. WALKER. I have not made the question of the relations of capital and labor a special study, but I have been a close observer of the condition of things, particularly with reference to the bearing of the currency upon the present attitude of affairs.

The CHAIRMAN. The resolution under which this committee is acting directs us to inquire into the causes of the depression of business and the inadequate remuneration for labor, and to suggest remedies, if we can, in the way of legislation. Be good enough to state your views on these questions, proceeding in that order.

Mr. WALKER. I should apologize to the committee for appearing before them without special preparation. Although I had received a printed invitation from the committee, I did not suppose that it was intended to be a personal invitation, and so I gave no thought to it until three or four days ago, when, on the special invitation of the committee, I began to give a little attention to the subject in the short intervals of business.

There is a depression of industry coexisting through most of the civilized countries of Europe as well as in the United States, and I think there is a spirit of too ready generalization on the part of the witnesses who have appeared here in assuming that the causes of this widespread depression are the same everywhere. It does not appear to me that this is the case. Although the industries of all these countries are measurably influenced by the same cause, yet I think that each country has peculiar circumstances of its own which have caused its greater or less degree of depression. I should say that the present depression of industry in the United States is the result of a commercial crisis, not differing essentially in kind but greater in degree than those which have existed at any time within my knowledge in the history of this country.

One gentleman who has heretofore testified before this committee, Mr. White, of Chicago, who has given more attention to the study of commercial crises than any other financial or economical student in America, so far as I am aware, expressed the opinion that there was nothing essentially different in this crisis from the crises which exist elsewhere in other countries, and which have existed at other times in this country. I think I should differ with him in that regard. I think there have been exceptional causes which have greatly aggravated and prolonged the crisis in the United States. Unquestionably the war, with its vast destruction of property and its exaggerated volume of irredeemable paper money, which for a time served to conceal the measure of

that destruction, was the most potent of the agencies at work in bringing this crisis about. A less influential but still important local cause was the destruction of property by the Chicago and Boston fires. Public debt making and the excessive taxation resulting from it, and private debt making, the result partly of necessity but largely of extravagance in living, have influenced the crisis more than at any other period in the history of this country. But after making due allowance for these exceptional causes, our crisis was the result of speculation and an overabsorption of capital in fixed property. If the committee will permit me for a moment, as laying the foundation for what I have to say with reference to this particular crisis, I should like to state what I consider to be the law of all commercial crises. There are ups and downs in business (to use the popular expression), and they are to a certain extent periodical. After a period of great depression there begins gradually a period of activity, which grows as it goes on until at last it becomes uncontrollable, and a crisis is inevitable. The reasons seem to me to be these: The crisis is caused (to begin at the end of the cycle, in order to lay the foundation for starting again) by an overabsorption into fixed capital of that ready capital which is necessary in order to do business. There is a certain amount of ready capital which is necessary to the carrying on of the business of any country, differing according to the wealth of the country and the expansion of its industries. The source of this ready capital is past profits made in business; that is, the source to a very great degree. There is a small amount of capital in all countries coming from monetary institutions. Banks provide a certain portion of capital, which is retained in the floating form for the purpose of loaning, but that is a small amount comparatively. The capital of a bank is small as compared with the means of a bank, and the means are small as compared with the amount from all sources of a general character from which bank deposits are derived. Now, the source from which this ready capital comes is past profits which have not yet been invested. After a man has made money in his business he does not immediately reinvest it; he waits for a while to see what will be the best investment, but in the mean time he does not let his capital remain idle; he puts it into bank deposits or loans it to some one on short time, so as to have it within his control during a limited period. By and by he makes up his mind what to do with it, and he puts it into some fixed investment; railways, land, ships, or whatever he may choose.

Now after a crisis, the quantity of floating capital which is necessary to do business with is very much diminished, and for a time people cannot get money enough for business purposes. Every merchant is familiar with the fact that the amount of business he does far transcends the amount of his capital. In other words, he does business on credit. If he did not, if he dealt on a cash basis only, if as a manufacturer, for example, he had to wait every time he sold goods until he got his pay, his mills would stop; but instead of that he sells on credit, gets paper, which he has discounted, gets the cash back with a profit, and goes on. In that way the floating capital of business is always kept supplied, but, as I have said, after a crisis this is very much reduced in quantity. Not only that, but the persons who have got it are extremely timid about using it. Therefore there are coexistent these phenomena, a great deal of cheap money at a low rate of interest, and yet great difficulty in obtaining it. Anybody who wants to-day to float a railroad bond I would recommend to go into Wall street. He will find plenty of men there who have got money (money is at 1 per cent., but even if it were 2 per cent., or 3 per cent., or 4 per cent., that is a very low rate for America), but he cannot get money loaned to him for any fixed investment, and it is with extreme difficulty that he can get it for any regular business. Confidence is resumed slowly, and it takes some time to fill up the absolute vacuum caused by past overinvestment. Now, from what source does that profit come? It first comes from the land, because the land is all the time yielding a profit. Nature is never niggardly in respect to her bounties, whether the times are bad or good. Crops may not sell as well this year as they did last year or as they will next year, but crops will be raised irrespective of the money market. So it is that the first profits in an agricultural country are likely to come from the land, and so it is that the money that is now in the market ready to be invested has come out of the crops which have been made in this country since 1873 and which fortunately have been sold for large prices. Business gradually revives under the impulse of new money. People begin to get tired of 3 per cent. and they begin to spread out a little. It is painful to live without an income, and if your income at 3 per cent. is not sufficient to live on, you naturally seek investments a little less safe at 4, or 5, or 6, or 7 per cent. With the revival of business profits are gradually made in a legitimate way in the ordinary channels of trade, and by and by there comes to be an excess of loanable capital and there is competition between the lenders. At first the competition is between the borrowers, but after the culminating point is reached the competition comes to be between the lenders, and the more desirable investments being exhausted, less desirable investments come into demand, and finally investors stretch out until they put their money into investments which are very undesirable and remote.

During the war, in spite of the great destruction of property and creation of public

debts, a great deal of money was made by individuals, and there being an excess of loanable capital above the wants of legitimate enterprises, it necessarily sought enterprises which were illegitimate. Railroads were built not in the country but in Wall street, for the sake of the profits which might be made out of them *here*. People of the speculative class bid against each other for the capital that was available, and capitalists having no legitimate opening for their money lent it freely for enterprises of that character. In almost every case the cost of the enterprise far transcended the amount supposed at first to be adequate for its completion, so that the money which was at first intended to be all that the capitalist would put in proved to be but a small part of what he had to put in in order to save his original investment, and he went on lending more and more until finally he was short of ready means. In this emergency, the oversupply of floating capital having now been used up, he applied to his bank, and the bank was compelled, because he was a large stockholder or customer, to lend him money on the bonds of the railroad company (which was contrary to all the rules of good banking), and the final result was that all the ready capital of the country got locked up in these enterprises without any immediate fruition. In that way legitimate borrowers were cut off from their proper field of supply. A man depending on his own capital could go but a very short way, and when he found this supply of loanable capital cut off he had to fail. He could not even get money to meet his liabilities. That is to say, the country had so much overinvested its funds in fixed investments that there was nothing left to do business with. Now why did not the crisis come earlier? The last preceding crisis was in 1857, and we have generally had crises at intervals of about ten years. We had one in 1847, one in 1837, and they had one in England in 1825 and in 1866. Why did not the crisis of 1873 come sooner? It was because we had paper money, which put off the day of reckoning and prevented the disease from showing itself for a time, but made it infinitely worse when it did come.

The CHAIRMAN. Please tell us why paper money put off the time of collapse—how it operated.

Mr. WALKER. It put it off because there was no obligation to redeem the money that was issued, and it was never brought to the test of specie payment, and no power therefore to reduce its volume, so of course the day of reckoning could be postponed.

The CHAIRMAN. Inasmuch as there was no necessity for redemption, do you mean by that that the temptation to take and grant credits was increased by paper money?

Mr. WALKER. Unquestionably. I think the speculative tendency was greatly increased, for the reason that there was a large amount of so-called money in the country to loan, and an amount which could not be reduced, and that larger amount of money to loan postponed the day when a settlement must be made.

The CHAIRMAN. There was more money than would have circulated in the ordinary channels of business if it had been subject to redemption?

Mr. WALKER Yes.

The CHAIRMAN. And the temptation was to loan it upon inferior security?

Mr. WALKER. Yes. Let us take this case. The banks of New York paid interest on deposits. The country banks were receiving a great deal of money on deposit, and they sent it to New York. The New York banks found it difficult to employ the money in the regular channels of banking business, discounting paper, and they therefore lent it to outside parties engaged in speculation, which they would not have done if there had been less money in their hands, and there would have been less money if it had been redeemable.

The CHAIRMAN. The banks lent the money to people carrying on speculative enterprises—floating investments?

Mr. WALKER. To speculators.

The CHAIRMAN. Yes; and to persons carrying on railway enterprises; and that was the transfer of floating into fixed capital.

Mr. WALKER. Undoubtedly. And in that way it took a much longer time to digest this amount of money than it would have taken under other circumstances.

The CHAIRMAN. But inasmuch as our paper money was not subjected to the test of redemption in 1873, why did the collapse take place?

Mr. WALKER. I don't know that I can express that any better than it was expressed by Governor Tilden in his first message, in which he said that there is a point in the diffusion of paper money when people lose confidence in it, and when its power of expanding prices stops.

The CHAIRMAN. You mean, then, that when paper money is not subjected to the test of redemption in gold, there is a point where people begin to say that it is not worth anything?

Mr. WALKER. A place where they begin to distrust it.

The CHAIRMAN. Because they cannot get a gold dollar for a paper dollar?

Mr. WALKER. Yes. But in this case there was not only distrust of the paper itself, but also of the enterprises to which the paper money had given rise. Six months before the crisis, I wrote to my partners in Paris that I thought that sooner or later the North-

ern Pacific Railroad must come to grief. I instanced that as one of those great enterprises.

The CHAIRMAN. You say that the people distrusted first the currency itself, and secondly the enterprises to which it had given rise?

Mr. WALKER. I do not think people generally stopped to reason that the paper itself was insecure. It was the pledge of the government, and I do not think they distrusted the government; but they distrusted the enterprises which were carried on by paper money; and those of them who went further, and reasoned about the money itself, distrusted it also. Not the security of the money, but the money itself as a measure of values and a medium of exchange.

The CHAIRMAN. They hoarded the money. That confirms your idea that they believed in it.

Mr. WALKER. They believed in the money because it was a government debt, but they distrusted it as money, and the enterprises to which it gave birth. That is my view in regard to the way that this crisis came on. I think it would have come on much sooner if our currency had been on a sound basis. I think there is no condition of the currency that will prevent crises. They have occurred in other countries having hard money. They have occurred in Holland, in France, and in England. The crisis of 1866 in England was a very severe one.

The CHAIRMAN. And we avoided it.

Mr. WALKER. We avoided it. What caused that crisis in England in 1866? It was caused by the immense expansion of new enterprises. There was a law passed in 1862, called the "companies act," by which, for the first time in England, capital could be aggregated in what we call a corporate form, with limited liability. There might have been some such limited liability before, but there was no general law of that kind until the companies act was passed in 1862. I was in London in 1865, and, in a conversation with the editor of the Economist, one of the wisest financiers of his time, the late Mr. Bagehot, I said to him, "Don't you feel uneasy about the state of things?" This was in the summer of 1865, a year before the crisis, and interest had been 7 per cent. all the year before. I asked him, "Don't you feel uneasy?" "No," said he; "because I do not believe that those people have got much capital. I do not find that they have made any head at all in my neighborhood." (Mr. Bagehot was one of the directors of Stuckey's bank in Somersetshire, one of the largest commercial banks in England.) The result showed that Mr. Bagehot was entirely mistaken. Within a year from that time, on Black Friday (May, 1866), there was a crisis in London, which showed a more rotten condition of things in England than we have ever had in this country. Crises will come, no matter what currency you have—redeemable or irredeemable.

The CHAIRMAN. But does the crisis endure longer in consequence of an irredeemable currency?

Mr. WALKER. It does. I think the prolongation of our crisis has been caused largely by the want of a fixed policy for a return to specie payments. If we had returned to specie payment in 1865, whether this crisis would have occurred or not, it would not have been referable to paper money. In 1865 (if the committee will pardon me a personal reminiscence) I was in Europe, as the agent of the Treasury Department of the United States, and I met there a gentleman who had been for a long time in China, and had had very great experience in financial transactions. I was in active correspondence with the Secretary of the Treasury, and this gentleman said to me, "Say to the Secretary that he must resume specie payments within 12 months, or he won't resume within 12 years." It seemed to me rather an extravagant proposition, but it has been fully justified by events. What were his reasons? Said he, "If the Secretary resume specie payments now, when there is little or no indebtedness in the country, the fall in prices which will result will be on property in the hands of its owners." To illustrate: It makes no sort of difference whether the value of that bookcase is estimated at $50 or $25, if the owner has paid for it; but if, on the contrary, he bought it for $50, and still owes $25, and the value falls to $25, he has no longer any property in it at all. In 1865 the people of the United States owned the property in their possession. The disturbance in the country had been so great that there was no confidence in anybody or anything, and if you will look back to that time you will see that there never was a time before when there was so small an amount of personal liability in the country as there was then. Therefore, if the fall had occurred at that time by the contraction of the currency to its old amount, though each man would have felt so much the poorer, he would not have been so, because the prices of commodities would have been reduced in the same proportion, and his condition, relatively to his neighbors and the rest of the world, would have remained precisely the same. But when new debts were created upon a scale of prices caused by a redundant currency, then the reduction fell upon the debtor. The margin shrank until it was absolutely destroyed. That is the state of things that occurred under the expansion of debt that occurred after 1865. One cause of the crisis of 1873 was universal debt-making. There never was in this country, and I doubt if there has been anywhere

in the world, so rapid a process of debt-making, Federal, State, municipal, coporate, and individual, as there was in this country from 1865 to 1873. The state of things when the crisis came was such that there was hardly a man who was out of debt, and it is this universal existence of debt which has brought about the present condition of the employers of labor. There is a large class of men who are workers with their own hands, and who are also capitalists, and they, in the capacity of capitalists, have been prostrated precisely as the richest men in the country have been. The man who had bought his little homestead for $1,000 in the inflated period and mortgaged it for $800, and on whose hands it fell to the value of $700, found himself without a house and owing $100. That is the condition in which the majority of the people were when the crisis of 1873 came upon them.

The CHAIRMAN. Then the greatest harm and wrong that can be done to the community is to induce an inflation of values in a speculative era?

Mr. WALKER. There is no question about it at all. If the committee will pardon me for another personal allusion, I found in looking back to a public letter which I wrote to Mr. Wells, Commissioner of Revenue, twelve years ago next November, some passages so pertinent that I beg leave to read them.

The CHAIRMAN. Please do so.

Mr. WALKER. The Committee of Ways and Means of the House of Representatives were invited to Pennsylvania by the iron interests of that State to assist them in revising the tariff so that the iron-masters might be able to make a living. I was invited, with other outside gentlemen, to go too. We found some anomalies existing there. We did not see any poverty among the iron-masters; on the contrary we saw a great deal of wealth——

The CHAIRMAN. That has passed away now.

Mr. WALKER. It probably has. I have not seen the iron-masters of Pennsylvania since. I have only visited some of the iron-masters of New Jersey. [Laughter.] One question was this, "How it was that certain qualities of American iron could not be sold in competition with English iron notwithstanding the tariff?" When I went home I tried to reason it out, and I came to the conclusion that it was because the price of gold was so much below the prices of other commodities that the low price of gold operated as a bounty to the English manufacturer. The cost of production in Pittsburgh had doubled since 1862. Gold was 140. The tariff was about 35 per cent. In other words, therefore, there was an obstacle of 175 per cent. presented to the English manufacturer against a sales price of 200 per cent. upon old figures; and therefore he could come into this country and sell his iron at a price in currency, of 200, buy his exchange at 140, pay 35 per cent. duty, and carry home 25 per cent. profit, and no American manufacturer could compete with him. You will ask, why was not gold as high as other commodities? When gold ceased to be currency it became merchandise, and it became subject to the ordinary law of supply and demand. There was no demand for gold in the United States. The only uses for it at that time were for the payment of customs dues and the interest on the public debt and on some corporate debts. The demand was less than for other commodities and the price was therefore less, so that foreign dealers, when they sold their manufactures at high currency prices, bought their exchange at low gold prices and made a profit, and the tariff was completely neutralized; and that is precisely what would be the effect of again expanding the currency. With this preliminary remark I will read the passage of the letter which I wrote in 1866. [Reading:]

"Thus it is that the low price of gold operates as a bounty to the foreign manufacturer, and while it occupies its present abnormal position in this country, cheapened in price because deprived of that function which gives it its greatest value elsewhere, this bounty must continue. The remedy usually suggested is to advance the tariff; but this, though perfectly justifiable where the difference of cost grows out of the intrinsic advantages which the foreigner derives from cheaper capital and labor, is a most unstable and dangerous remedy where the evil is the consequence of a vitiated currency; when thus used the tariff tends to aggravate and prolong a state of things from which to escape is the only safety."

The CHAIRMAN. Then I understand that you are a protectionist?

Mr. WALKER. I have not said so.

The CHAIRMAN. But that extract shows it. That is a protectionist paragraph.

Mr. WALKER. I was once introduced to the Cobden Club, in London, by Mr. John Stuart Mill, who supposed me to be Amasa Walker, the great free-trade writer, and he spoke of me as one who had been a great champion of free trade in the United States. It was an awkward situation, but I had to say, in justice to myself, that I had been brought up in the school of protection, and that, in my judgment, it was a question of national situation and circumstances, and not a mere abstract question.

Mr. RICE. I trust you will discuss that question a little in this presence.

Mr. WALKER. I am prepared to submit myself to any examination on that question.

Mr. Walker continued to read as follows:

"If the people of this country could be made to see that the present expanded cur-

rency is not a blessing but a curse; that it is one of the most unequal and burdensome of taxes; that it gives undue value to capital as compared with labor, thus pressing most heavily on the working classes, tending to make the rich richer and the poor poorer; that it stimulates speculation (which is gambling under a less offensive name) by turning the most ambitious men from the occupations of production to those of exchange, from mechanics and farmers into brokers and middlemen; that it drives men from the country into the cities, in the hope of sudden wealth, and because it is thought more respectable to buy and to sell than to labor with the hands; that it subverts all true notions of value, and produces such constant fluctuations as to make honest industry insecure of its rewards. If the people can be made to see all these evils, and will open their eyes to the enervating, demoralizing consequences, they will patiently and cheerfully submit to the temporary hardships which are involved in reducing this redundant currency to its normal proportion; they will by all their influence strengthen the hands of Congress and the Secretary of the Treasury, that the day may be hastened when this country shall again conduct its domestic and its foreign dealings on the basis of the only currency which can render trade secure—that of the precious metals."

The CHAIRMAN. Do you see any reason to change your views now?

Mr. WALKER. That is precisely the view I entertain of the question to-day. Now, we are asked to do what? To arrest a measure which is almost consummated, and begin over again the demoralizing, enervating, destructive process of expansion, which has brought about the condition of things under which we are suffering now. For one, having a very small stake in the country, I am sorry to say, but having a very deep interest in these questions which affect the people, I must protest against it. A question has been made with regard to the effect of paying off the public debt in greenbacks.

The CHAIRMAN. The proposition here is that the government debt, amounting in round numbers to $2,000,000,000, is a tax upon the people to pay the interest, and that we can avoid that tax by calling in the bonds and giving greenbacks in lieu of them, which shall be a legal tender for the payment of all interest, public and private. If you have any view on that question, please let us hear it.

Mr. WALKER. I have given a little thought to it, and such ideas as I have on the subject I shall be very glad to explain. The chairman says it is contended that the maintenance of the currency is a tax upon the people.

The CHAIRMAN. Not the maintenance of the currency; the payment of the interest on the bonds.

Mr. WALKER. Of course, if the debt was honestly incurred, there is no doubt that it is a tax. I am not aware that public money is ever raised except by taxation in some form or other; but if this was a justifiable tax at the time it was imposed, it remains for those who demand its abrogation to show that it is just to deprive the parties who loaned the money for which the debt was incurred of their interest.

The CHAIRMAN. The answer has been made to that that these bonds were originally payable in greenbacks, and that therefore it is no hardship to the holders to take greenbacks for them.

Mr. WALKER. That is a question of construction, as to what was the understanding of the country at the time, and, for one, I do not believe that was the understanding. In the first place, if you had put it to any man in the country whether he contemplated a continued suspension of specie payment, I think the universal answer would have been no. In the history of banking in this country specie payment had been suspended over and over again, but nobody supposed that bills emitted by the banks during those suspensions were always to be inconvertible. It was expected that they would be redeemed when the banks resumed.

The CHAIRMAN. In other words, though the bonds were to be redeemed in "lawful money," that lawful money was understood to be equal to gold.

Mr. WALKER. Nobody ever contemplated any other money than the money of the Constitution, and the moment the attention of the Congress was drawn to the fact that any other money might by any pretense be substituted, they declared that it was the money of the Constitution that was intended. Now, whether or not the Congress of the United States sitting subsequent to the contract had a right to declare the interpretation of that contract is a question of law that I do not propose to consider at this time. But the reason why it was not distinctly set forth in the original act was, that nobody then contemplated any other money than the money of the Constitution.

But the question now propounded to me is, what would be the effect of the course that is proposed? In the first place some of the witnesses before this committee have said that it could not be done. I do not know that it could be done. It depends somewhat upon where the debt is held. If the debt were held in foreign countries to the extent that it was ten years ago, I think the repudiation of it in this way would be very likely to involve the United States in a foreign war. Perhaps I am not correct in that, but I have only to remind you that the war against Mexico (a very dif-

ferent country from the United States, I grant) was undertaken by France to protect an amount of debt, due or claimed to be due to French subjects, which was a mere bagatelle compared with the amount that the United States owed Germany and England before we began to call our bonds home. But assuming that a public creditor would be compelled to submit to what we decided to do, and so far as he is a domestic creditor he would be without remedy, for the bondholder is not strong enough to get up a rebellion ——

The CHAIRMAN. Couldn't he "bloat" himself sufficiently for that purpose? [Laughter.]

Mr. WALKER. I do not know what he might do in that way. Bloating, however, has usually been considered inimical to physical force, and a bloated bondholder would probably be less formidable than a depleted one; but, whether bloated or depleted, I do not think the bondholders could help themselves. Would they accept? At first probably not. They would hope that a wiser and honester sentiment would come to prevail, and for a time they would not present their claims, but after a while they would. Suppose they did, what then? The amount of the interest-bearing debt is somewhere in the neighborhood of $2,000,000,000, aside from greenbacks. Assume, therefore, that $2,000,000,000 are to be paid out in greenbacks to residents of this country. The greenbacks become money; they pass into the channels of circulation. We have got now $350,000,000. If the national-bank notes shall be also recalled and greenbacks substituted, we shall have $325,000,000 more; but assuming that they remained out, there would be $2,350,000,000 of government money in this country. The total circulation of the United States, prior to the war, probably did not at any time exceed $425,000,000 in gold and silver and paper; so that, from 1860 to the time when this national debt shall have been paid off in greenbacks, the currency of this country will have increased fourfold.

The CHAIRMAN. More than fivefold.

Mr. WALKER. More than fivefold. Now, what would be the effect of this five times multiplied paper money upon the condition of the country? What would be done with it? So far as it came into the possession of parties owing debts, it would be used to pay the debts. That it would come into the possession of a great many people who have not anything now, except equities of redemption of mortgaged real estate, there can be no doubt. The very thing that it is asked for is to float off these equities. A great many people have got real estate which is not worth the mortgage upon it. I am, I fear, in that condition myself. As an individual, I should be very glad to float off a considerable amount of such equities of redemption, but I am not willing that the country should be ruined in this manner for my own individual benefit. The people would pay off their debts, because the men who have nothing now but equities of redemption would be able to sell their property for such prices that they would be able to pay off their mortgages. But while property was rising the debts would not be going up; they would remain just where they were before. Now, the savings-banks of the New England States, New York, New Jersey, and California had, in 1877, assets amounting to $923,000,000. They had 2,395,000 depositors. Those depositors being to a large extent heads of families, it would be very safe to say that at least 5,000,000 out of the 45,000,000 of the people of the United States are interested in the deposits in savings-banks. The average amount of each deposit was $361; the mortgages due to those savings-banks amounted to $370,000,000. The United States bonds held by them, which would be paid off in this way, amount to $114,000,000, and the State, municipal, and other bonds held by them amount to $115,000,000, making an aggregate of $570,000,000, out of the whole $923,000,000 held by the savings-banks. That is, each depositor in a savings-bank would have his property in the bank represented to the extent of about sixty per cent. by greenbacks, and that would apply to about 5,000,000 of the people of the United States. Perhaps I ought to say that there comes in here another class of corporations, the statistics of which I have not been able to get in the brief time allowed me for preparation, that is, life-insurance companies. Though less in number than the savings-banks, they hold mortgages to about as great a proportion of their assets, and so do the trust companies. I think there can be no doubt that, taking the life-insurance policy-holders in addition to the persons depositing in savings-banks, probably eight, and perhaps ten, millions of our people would be interested in these several classes of institutions. The railroad bonded indebtedness of the United States is $2,220,000,000—just about equal to the amount of the national debt. What the State and municipal debt is, I have not been able to ascertain. I think it may be safely assumed that all this class of debts would be paid off. Consider the effect upon the savings-bank depositor, who is eminently a poor man, as he has only $361 saved up. He is the very first man that is going to get the benefit of having this debt due him paid off in this money, and, in proportion to his margin, he is just as much affected by it as is the richer man, who is paid his hundreds of thousands in this money. There is scarcely a man in the country above the rank of a laborer who never had a surplus who will not be affected in some way or other by the payment of what is due him in money worth only one-third, one-fourth, or one-fifth of the money in which the debt to him was created; for remember that this money will be worth only so much.

The CHAIRMAN. That is precisely what is denied by the other side.

Mr. WALKER. Possibly the amount of the depreciation is exaggerated, and I do not want to exaggerate anything, but certainly the currency would be depreciated just to the extent that prices would be increased. If a commodity worth to-day $100 is made *by the increase of the currency alone* to be worth in the market $500, the article itself having in no respect changed, then of course the money in which it was estimated at $500 is only one-fifth as good as the money in which the article was estimated at $100. For, unless you can show me some other cause why the price rises in the presence of an increase of the currency, you are compelled to admit that the increased price arises from that expansion.

Mr. RICE. Would that be the fact whether the currency were a paper or a metal currency?

Mr. WALKER. Certainly. Take, for illustration, the case of Germany, when she received from France the five milliards ($1,000,000,000). The sudden throwing into the circulation, or at least into the market of supply, in 1872, 1873, and 1874, of $1,000,000,000 more than Germany had had in circulation and available before, created there just the same sort of speculation which our paper money created here. In the ordinary course of things such a sudden transition does not occur; but it did occur in Germany, and it produced just that result.

Mr. RICE. If that had been irredeemable paper money, would not the increase have been very much greater than it was with metal?

Mr. WALKER. Undoubtedly, because with the Germans there was a constant relief by the coin flowing out of the country. The German Government, after they began to coin gold instead of silver money, did not dare to put it into circulation, because it immediately found its way out of the country.

Mr. RICE. I do not wish to interfere with your line of thought, but I hope that you will come by and by to the question of what will be the final result with this paper money not redeemable in anything.

Mr. WALKER. I will come to that presently. Let us consider now the effect upon industry. It is claimed that manufacturing establishments are idle, mines closed, ships not freighted, because there is no employment given to labor, and it is said that if all these industries were to start up again labor would be employed and everything would be lovely. What would be the effect of starting them again upon the basis of a depreciated currency in respect to our foreign trade? Nobody doubts that the United States has reached a point where it is not only capable of supplying its own wants for consumable products, but capable of doing a great deal more; that in agriculture, in manufactures, in mining, it is able to supply the markets of the world; that the people of this country do not want and cannot consume all that they produce, and that our policy should be one which will open the markets of the world to our products as well as merely the home market. If you will recall my statement respecting the Pittsburgh iron masters, you will see that the state of things would instantly recur which existed in 1866; prices would rise in the exact proportion of the inflation of the currency. They might be multiplied five times, or they might be four times, or three times as high as they are now; but if they were only twice as high what would be the effect? The effect would be that gold would not rise. It is proposed to take away from gold even the function that it had in 1866, the use of it in the payment of customs duties and of the interest on the public debt. Then what are you going to do with the gold in the United States? There is nothing that anybody will be able to use it for to any great extent. What will become of it? No doubt it will be largely exported, but much will remain and there will be a price for it here. Will that be in proportion to the prices of commodities? Certainly not; for if gold was not within sixty points of the price of commodities when it had two very important functions, it certainly is not likely to come up to the prices of commodities in 1879 or 1880, after the debt is paid off. In other words, we shall be again in the position of producing things for which foreigners compete with us in our own country at such a high cost that the foreigner can undersell us in our own markets, selling his goods at our high currency prices, buying his gold at a low price, paying any tariff that we choose to impose and still making a profit. The tariff will be no longer any protection, and the condition of things will be just what it was before we began to approach specie payments. When did the first export of American commodities since the war begin? It was only within the last two or three years, since gold came within ten points of paper or paper within ten points of gold, since gold fell below 110. We can export cotton goods, we can export iron, we can export breadstuffs now, but if we had gold at 150, which would be a very small price to be produced by an inflated currency such as is now called for, we could not export anything.

The CHAIRMAN. Wouldn't it follow inevitably that, as we could not manufacture, our surplus labor would be driven to the soil; the products of the soil would be thereby increased and would have to be sold abroad, as the producers could not find a local market for them; the sale of those products would bring in gold, and so reduce its price still further? Is not this the case: first, that you check industry, and, second,

that you increase the production of raw foods; and would not that cause the reduction in the price of gold by a law higher than any law of Congress?

Mr. WALKER. Undoubtedly. When I was in Washington two years ago Western men were demanding a continuance of the suspension of specie payments. I said to them, "Why do you Western men continue to oppose resumption? You have already resumed specie payments." "How so?" they asked. Said I, "You have come down to gold prices for your products;" and the same was true with regard to cotton.

The CHAIRMAN. Suppose we went through this same process, wouldn't we in the course of time be driven into a state of things by which our manufactures being suspended and our laborers driven on to the soil, there would be an influx of gold which would still further reduce its price in the market and drive this paper money into idleness, so that gold would take its place?

Mr. WALKER. The extent to which that would occur I would not undertake to say, but it has always happened to nations using a greatly depreciated paper money that all their foreign trade, and, in the end, much of their domestic trade, also comes to be carried on on a gold basis.

The CHAIRMAN. Would not people be driven to dealing in gold?

Mr. WALKER. They would, so far as regards articles which are sold in gold markets. Whether that would extend to products sold in the domestic market I do not know, though I think that would be the case. I am told it was the case in Charleston and some other Southern cities during the war after the Confederate money became worthless. I have said that the prices of exportable commodities are fixed by the price of the part of them which is exported. That has been the general opinion. I do not know why the prices of cotton goods should not be determined in the same way.

The CHAIRMAN. Why wouldn't it be the same as with flour? It is perfectly true that a barrel of flour is now worth $5, but if you had to pay for it in depreciated money it would be worth $20.

Mr. WALKER. Yes; that difficulty exists in all the South American countries now wherever they have gold and paper together. In the Argentine Republic the price of the paper money is not fixed for an hour at a time. You cannot buy a pair of gloves there without having the merchant send out to find the price of gold (that is, the value of currency as compared with gold) at that particular time.

The CHAIRMAN. Can you imagine a people trained as we are, with our commercial habits and instincts, submitting to such a system?

Mr. WALKER. I don't believe our people would stand it for a day. Now, what is the effect of all this disturbance and expansion and variability upon the relations of capital and labor? There is no sort of question as to the historical fact that the great fortunes of the world have been made in periods of political and monetary disturbance. The great fortunes in England were founded very largely between 1797 and 1815, when there was a practical suspension of specie payment by the Bank of England. The great fortunes lately made in the United States date from the time of the passage of the legal-tender act up to 1873, and they were made not only because of the government demand for products, which was one cause undoubtedly, but also because of the rapid advance of property in the hands of its holders, growing out of the increase of paper money. How did the laboring man get the benefit of it? I undertake to say that he never was for one moment benefited by it, and for this obvious reason, that the things he lived on advanced more rapidly than the things he lived by. He lived by his wages, his labor. He lived on his house, his clothes, his food. Now, statistics show that at one time the average increase of prices of commodities was over one hundred per cent., while the most carefully obtained returns as to the advance in the price of labor at a corresponding date, procured by the special commission of revenue of which Mr. Wells was chairman, showed that it did not exceed seventy-five or eighty per cent. There was twenty or twenty-five per cent. against the laborer all the time. In other words, he was twenty or twenty-five per cent. worse off than before the rise. It does not need to be argued that in the rapid change of values the capitalist has a great advantage over the laborer. The prices of commodities change every time they are sold, but the prices of labor do not change with such rapidity. They necessarily remain stationary for very long periods, and it is entirely out of the power of the laborer to prevent this. He cannot insist upon a change in his wages every time his employer sells a bill of goods. He is employed by the month generally, or, if he is an agricultural laborer, by the year or the season. He has no time to devote to the question whether prices are rising or not. Very often he is entirely ignorant of the fact, and if he is not it is beyond his power to take advantage of it. So that if to-day everything that is asked for by the most ambitious agitator were granted, the condition of labor would be just so much worse than it is now as the currency was increased.

There is another question; that is, as to the actual condition of the laboring classes at the present time. If a *return* were taken to-day throughout the United States at one particular moment of time, it would be found that the suffering—and that there is suffering is, I regret to say, a painful fact—it will be found that the suffering ex-

ists chiefly in large towns. I do not learn that there is in the agricultural districts of the United States any want of the necessaries of life. I should be glad to know whether any testimony has been presented before this committee that there is suffering in the agricultural districts.

The CHAIRMAN. No. Such testimony as we have had has been to the contrary effect; that there is abundant employment in the agricultural sections of the country, and that the lack of it is confined to the large cities.

Mr. WALKER. Yes; it is mainly in the large cities. What brought about this aggregation of population in the large cities? I know as a fact that in my native State of New Hampshire, and also in Vermont and Massachusetts (I have lived in both States), there has been a depletion of the agricultural population, and it has resulted from two causes. The depletion came, first, in the direction of the cheaper and more productive land of the West; and, second, from the centralizing influence of the large towns. Men and women left the country for the cities because they heard that great fortunes were made there, and fancied that they could have a share of those fortunes. There was, for a time, a great demand for laborers and also for a grade of employment above that of manual labor—for middlemen. The exchanging function was exaggerated. It is always exaggerated when production is overstimulated. The population so gathered in the towns remains, and to it is added a large mass of immigrants. It is a very painful and difficult thing to export or transfer the surplus population of cities. A woman came to me two or three days ago who had been a pensioner of the New England Society, of which I was a director. She was the wife of a very respectable man who had been a traveling salesman in the paper business. He got stranded in New York two or three years ago. He lost his employment. He could not get anything else to do, and he literally got stranded; and there has not been a day since when that man has had money enough to take his wife and children and himself out of town. There are plenty of people who were brought here by false lights who would gladly get away if they were able.

The CHAIRMAN. What would you have the government do? It has been urged upon us to report in favor of some colonization scheme which would transfer the surplus labor. What do you think of that?

Mr. WALKER. It seems to me that the government should be called on to interpose in these cases as rarely as possible, and that nothing short of an overwhelming calamity, the prevalence of a great epidemic, or some such case, where the interests of the whole community were concerned, would justify its interference. It does not seem to me to fall within the functions of government to become the almoner of the tax-payer's money. But I think the condition of things I have described does appeal very strongly to the private purses of citizens, even though I do not see that it can be properly made a tax on the public purse. So far as relates to reducing the prices of the public lands, and so far as such legislation as the homestead law is concerned, these, I think, are within the legitimate sphere of the legislative power, because the citizens of the United States in their aggregate capacity own the public lands and may make such disposition of them as in the wisdom of their representatives is deemed best for the public good. But the use of the public money for the purpose of providing employment is an expedient of very doubtful propriety. It was one of the communistic ideas of the Parisian government during the last commune and during the communistic period of the republic of 1848.

The CHAIRMAN. Did the attempt in 1848 to supply employment for labor succeed?

Mr. WALKER. The illustration only struck me at the moment I spoke of it, but, so far as my memory serves me, those public workshops which the French Government established were an entire failure. They induced dependence upon the government and took away from the workingmen the healthy effect of personal exertion and personal responsibility. Am I right in saying that they were a failure?

The CHAIRMAN. Yes; they all failed.

Mr. WALKER. They failed to benefit the public service in any way, and I doubt whether they benefited the individuals employed. Now, as to the excess of population in cities, I doubt whether it is easily or instantly to be got rid of. I think it must be got rid of gradually. It is being got rid of gradually every day, and if you can only stop the inflow which is always going on, it will not be a great while before the cities will, to use a favorite expression of our paper-money friends, "grow up" to the population that is within them; and though some may die of want, as they do die not only in these times, but at all times in great cities, the suffering from being stranded in the cities will grow less and less and will disappear, so far as it is possible for it to disappear where there are great aggregations of people. As to distress outside of the cities, it is not evident to me that it exists to any great degree. Take the laborers of Massachusetts (Mr. Rice is more familiar than I am with that subject, for my knowledge is merely that which I have obtained from the newspapers). According to a recent report of the labor bureau, there are 8,000 skilled males, 13,000 unskilled males, and about 7,000 females, making altogether 28,000 persons out of employment.

The CHAIRMAN. And it is stated of the skilled laborers that they will not work for the wages which are offered them?

Mr. WALKER. A good many of them have been on strike. Some who were not on strike were thrown out by one of those events which occur at all times and places; I refer to the instances of flagrant dishonesty in corporate management which have prostrated the industries at Fall River.

Mr. RICE. The city which had grown more rapidly than any other in the State during the last decade.

Mr. WALKER. Yes; and its trouble is purely exceptional. It is stated that if a return had been taken in Massachusetts on the 1st of August not half the number shown in June would have been found out of employment; but taking 28,000 as the number, that is only 5 per cent. of the population of five or six hundred thousand laboring men and women in Massachusetts, and if the number was reduced one-half on the 1st of August, then the percentage of unemployed there is only 2½ per cent., which corresponds pretty nearly with the chairman's statement of the number of persons who have failed to meet their obligations to his firm—two per cent., I believe he said. So far as the future is concerned, with a return to sound money, we shall have an equable state of things, which to the laborer is of very much greater consequence than to the capitalist. The capitalist makes money when things are *not* equal. The laborer lays up his small savings out of steady employment at a steady rate of wages. It is the employment that is irregular, sometimes high and sometimes low and sometimes nothing, that ruins the laboring man. It is steady employment, at moderate wages, with low prices for the things he lives on, that enables the laborer to make his savings. Now, however much we may differ with regard to the benefits of a diffused currency, there can be no doubt whatever that a currency which is regulated by the laws of trade, and which is moderate in amount, brings about a more stable condition of prices both of labor and of commodities, and that is what benefits the laboring class.

The CHAIRMAN. Who gets the first proceeds of labor, the laborer or the capitalist?

Mr. WALKER. The laborer.

The CHAIRMAN. Labor gets the first, and capital comes in afterwards and takes its chance.

Mr. WALKER. Labor gets the whole in some instances.

The CHAIRMAN. In bad times, how does it stand?

Mr. WALKER. In bad times the capitalist can better afford to go on losing money for a series of years than to stop. That is well understood, especially in England. Now what does that imply to the laborer? It implies steady wages, possibly somewhat reduced, but still living wages, I think, in every case. There may be some exceptions. Possibly the agricultural laborer in England and the iron worker in Belgium are exceptions, but the great mass of labor employed in the world to-day is employed under conditions of sustaining life in tolerable comfort, and even though the times be bad and unprofitable for the manufacturer, still, so long as he is not utterly prostrated and compelled to stop his works, labor is kept employed.

The CHAIRMAN. In bad times the laborer is furnished with capital without cost, is he not?

Mr. WALKER. Yes; and without capital to furnish the objects on which labor is expended and with which work is done there could be no labor.

The CHAIRMAN. And in good times, when capital is remunerated, the laborer is well paid.

Mr. WALKER. He gets his share of the remuneration, and though he may not always get as large a share as he thinks he is entitled to, and may feel aggrieved that when his employer is making a great deal of money his wages do not rise in proportion, he forgets that last year or the year before his employer lost a great deal of money, while his wages did not fall in proportion. Labor cannot follow the fluctuations of trade, and it would be very undesirable that it should.

The CHAIRMAN. What inducements would capital have to remain in business if it were not allowed to recover its losses made in bad times?

Mr. WALKER. Of course it could not remain in business, because it would be destroyed—eaten up.

The CHAIRMAN. And the result would be the non-employment of labor.

Mr. WALKER. Yes. Now, with regard to the prospects of this country in the future, the judgment of our most intelligent rivals is of great consequence. I have been a constant reader of the London Economist for twenty years, and I watch everything it contains that relates to America, and within the last fortnight it had contained an article in regard to American competition, from which I would like to read one or two passages [reading]:

"In the United States the conditions of industrial production have undergone such a considerable change in the last five years that possibly that country is about to become our most formidable rival. * * * It seems not unlikely that American competition will be especially felt in our two leading industries, cotton and iron.

"The profitableness or otherwise of agriculture in the Mississippi Valley is the final arbiter of wages in the United States, and this never promised better than at present."

There is an element which enters into the question in America which does not enter into it anywhere else. There is no other country in the world which, when it has a surplus of labor in established industries, is able to drain off that surplus into an agricultural field of constant and almost limitless production. It is not even necessary that there should be any market for agricultural products, so far as it bears upon this question of surplus labor, because what the laborer demands is a living, and it is always possible, by paying the transportation of a laborer to the West, to give him a living there upon the land, either his own or the land of somebody else. This, I say, is an element which does not enter into the problem in any other country, and it is an element of great safety.

Another point of interest to the American laborer is the important fact that the very unwisdom of capitalists in putting into railroads such a disproportionate amount of the capital which existed in the country has proved to be of the greatest advantage to the agricultural class. By the general multiplication of railroads, even though many of them are of no value whatever to their owners, the States west of the Mississippi have been brought as near to the seaboard as Ohio was in 1860, and, I am inclined to think, even as near as Western New York was. What is the meaning of that? It is that wheat can be sold by the farmers at a very much lower price now than in 1860 and give the same profit. The Western frontier has been brought so much nearer the seaboard, that it enables us to compete with other countries in the world's market. Whereas it was impossible in 1860, with wheat at a certain price, to send wheat from west of the Mississippi, and even from Illinois, to England in competition with the countries bordering on the Baltic and the Black Sea. Now, in consequence of the multiplication of railroads, our Western States are in a position to compete with a very much larger area of European wheat-growing countries than before.

There is a habit of overinvestment in the United States which is not confined to periods of crises. I think that anybody whose business experience runs back for twenty-five years, back beyond the crisis of 1857, for instance, must have been impressed with the fact that there is in this country, more than in any other, a disposition to spend capital faster than we have it to spend. Corporations for manufacturing and mining purposes spring up without any working capital. In England it is not considered good business to start a factory without a certain proportion, which is a large proportion, of quick capital with which to run it, but in this country, in many instances, factories are started not only without any quick capital, but even the *plant* is mortgaged to pay for itself. How, possibly, can a company so situated do a business which requires a very large amount of ready capital?

The CHAIRMAN. Do you think that legislation should be applied to regulate the organization of such companies?

Mr. WALKER. I discussed that subject in an article which I wrote a year ago for the Bankers' Magazine, entitled "Reform of corporations." Every corporation exists by virtue of some power given to it by the government. The mere power of existing, with limited liability, is a privilege of very great value, and something should be given by the corporation in exchange for it. I think there should be some sort of supervision even with regard to manufacturing corporations, so that they should not be allowed to go into business until they had an ascertained and certified capital, paid in, or secured to be paid in, and adequate to the business they have in view; because the failure of a corporation of that character is detrimental not only to the owners of it, but to the community at large. I am a great believer in government supervision of all corporations. I think that where a corporation receives a charter from the State the people part with something valuable with the understanding that it is to be used for the public benefit, and in order to know that it is beneficially used they should have some power of supervision.

The CHAIRMAN. Do you think there is anything about its affairs that a railroad corporation, for example, is justified in concealing from the public?

Mr. WALKER. I hold that a railroad corporation is bound to disclose the whole of its business, its earnings, its expenditures—everything; and I hold that it is the duty of the State to see that that information is given to the public.

The CHAIRMAN. And you think that a great deal of the prejudice against corporations would disappear if all their affairs were made public?

Mr. WALKER. I do. I took that ground in the article already mentioned; the ground, namely, that it is the right of the people to have this information, and the duty of the government to see that it is given. As to how it shall be done, that is a different question. I know that in Massachusetts the supervision maintained over the banks of the State for twenty-five years before the national banking system went into operation had the effect of making the currency of Massachusetts banks perfectly sound, and very small losses indeed were made by the owners of bank stock. That was simply because the State, having granted the franchise, followed that franchise to see that it was dealt with properly. I know that this doctrine is contrary to the principle

of non-interference, or *laisser faire*, so generally advocated by English economists, but I believe in it.

The CHAIRMAN. In England they exercise the strictest government supervision.

Mr. WALKER. I know that they do so in certain cases, but not in all; but it is a violation of the principle of *laisser faire*, which is the favorite dogma of the Manchester school.

The CHAIRMAN. Yes; but that is one of the peculiarities of English statesmanship that it does not mind violating an abstract principle when it can get good for the public out of the violation.

Mr. WALKER. I have recently examined the new Italian banking-law, and I find that a bank-return in Italy to-day contains something like seventy items of information, while there are only about thirty-six given by the Bank of France, and thirteen, I think, by the Bank of England.

The CHAIRMAN. Do you think it would be an improvement to extend government supervision to railroads?

Mr. WALKER. It is a question about which I should not care to hazard an opinion as to methods; but I do think there ought to be some sort of supervision, and as railroads and telegraphs have no State boundaries, but consolidate and extend their lines in the interest of economy (for these consolidations and extensions are in the interest of economy), and as there is no State which can send its officers over its own line into another State to see that the functions of the corporation are properly performed, it appears to me to be within the province of the general government to exercise this supervision, and I think it would be for the benefit of the people that it should be done. There need be no interference with any of the rights or legitimate functions of the corporation.

Mr. RICE. It is not to interfere with the rights of the corporation, but to protect the rights of the people.

Mr. WALKER. No interference with the rights of the corporations; only a prohibition on the part of the public to prevent the corporations from doing that which they profess not to do, but which in fact they very often do do.

The CHAIRMAN. As I understand you your practical conclusion is, that beyond the supervision of corporations, which you think is a wise thing, and the maintenance of the policy of the government leading to specie payments, there is very little that we can do by legislation to improve the condition of business at the present time.

Mr. WALKER. That is my view, Mr. Chairman.

The CHAIRMAN. You have not touched upon the question whether there should not be an amelioration of our tariff legislation.

Mr. WALKER. That is an important question, and I am willing to say that having been brought up in the Whig party of Massachusetts, I was, therefore, a protectionist and a bank man, and about the first change I made was when I became a hard-money man, which was then a Democratic doctrine—not as against the banks, however, for I believe in paper money which represents intrinsic value in coin. I believe in protection so far as it is necessary to inaugurate and establish the industries of a new country and to carry them forward to the point where they can be left to care for themselves. I hold that it is a question of fact in each case, not a mere abstract question. The principles of free trade are perfectly sound and could be practically applied everywhere, provided the whole world were but one country with homogeneous institutions and common laws; but where there are different countries and different conditions and different laws, such as exist in the world to-day, I think it is very proper for each country to regulate its legislation in these matters with reference to its own condition and not in blind subserviency to any abstract principle or formula.

The CHAIRMAN. You said that in this country we had now arrived at that point in the development of our industries where we are able to produce a surplus of all consumable products.

Mr. WALKER. Yes.

The CHAIRMAN. Can protection help us any further, then?

Mr. WALKER. My opinion has been for the last fifteen years that the legislation of Congress on this subject should be tentative downwards. I believe that all financial legislation is tentative. I do not make up theories and then attempt to conform the facts to them. I draw my theories from the facts. I think that all financial legislation should be tentative and all tariff legislation in this country tentative downwards, that is, trying all the time to go in the direction of reduction instead of increase of duties. I am perfectly satisfied that there are protected industries in this country now that could support themselves with less protection than they receive, and some that could support themselves without any.

Mr. RICE. We are told that whenever we protect an industry which would not go alone in this country, we thereby draw away labor from some other industry in which it could be more profitably employed; thereby causing an injury to the whole body-politic.

Mr. WALKER. I do not admit that proposition I remember an article in the Lon-

don Economist some fifteen years ago bearing exactly upon that point. The question was with regard to the protectionist tendencies of Australia. Australia was very much disposed, as are Canada and most of the English colonies, to establish a protectionist policy. The Economist said in substance: "The doctrines of free trade are hard doctrines for colonists, because they take no account whatever of anything except the accumulation of wealth. Undoubtedly it would be better financially for the Australians if they would confine themselves to raising wool and cattle, and digging gold, but it would not be necessarily better for the Australian children that are growing up to be bred altogether as shepherds and herdsmen and gold-diggers; there would be an absence of education and civilization." So the Economist was compelled to admit that while for mere money-making purposes it might be best for the Australians to confine themselves to herding and gold-mining, the occupations which flourished there naturally, yet that it might be better in the interests of civilization to develop diversified industries by artificial means.

The CHAIRMAN. That is the point that I put to Mr. Marshall, but his answer was entirely from the money-making point of view.

Mr. WALKER. Yes; but how to make money is a very small part of the social question. The getting of money is only a means to an end. I suppose Mr. Marshall would deny—most of the free-traders do deny, but there is no doubt of it—that there is a reaction taking place to-day in regard to the doctrines of free trade; that the doctrines of the historical school, which are substantially such as I have stated, namely, that the condition of each country ought to modify and control the application of the principles of political economy, are coming to prevail largely in Germany, to some extent in Belgium and in France, and to an appreciable extent in England.

The CHAIRMAN. In other words, make sure of the bird in hand instead of looking after the two in the bush. Is that the sum of the historical doctrine?

Mr. WALKER. The historical doctrine is that you must take the condition of your people as a whole, comparing it with the condition of foreign countries, and then you must here and there try different processes of legislation, having only one end in view, the improvement of the condition of your people. All legislation with which political economy has to do deals with the masses and not with the exceptional few.

Here the committee adjourned until August 27, 1878.

VIEWS OF MR. CARROLL D. WRIGHT.

NEW YORK, *August* 27, 1878.

Mr. CARROLL D. WRIGHT appeared before the committee by invitation.

The CHAIRMAN. Please to state your residence and occupation.

Mr. WRIGHT. I reside at Reading, Mass.; I am at present chief of the bureau of statistics of Massachusetts.

The CHAIRMAN. Prior to your appointment to your position, were you engaged in business of any kind?

Mr. WRIGHT. I was engaged in the practice of patent law.

The CHAIRMAN. In your position as superintendent or chief of the Massachusetts bureau of statistics, have you had occasion to investigate the condition of labor in the State of Massachusetts and elsewhere?

Mr. WRIGHT. I have.

The CHAIRMAN. Are you the author of a recent report giving the number of persons out of employment in Massachusetts, which has appeared in the newspapers, and has been otherwise printed?

Mr. WRIGHT. I am.

The CHAIRMAN. I have a copy of it in my hand which has been sent for the use of the committee. These statistics have been commented upon before the committee, and particularly by one witness (Mr. Moody), who has controverted the accuracy of the statistics, and has furnished to the committee a statement of the particulars in which he thinks that this report is inaccurate. These statistics were the result of the census of 1875, which seems to be the basis on which Mr. Moody's figures are founded. He says that they do not conform with the figures which you have got in your report of 1875. What is your conclusion in regard to that? Do you find any discrepancy?

Mr. WRIGHT. I do not. On the other hand the figures in this last report are entirely in conformity with the report of the census of 1875.

The CHAIRMAN. Is the number of persons out of employment in Massachusetts at this time (according to present figures) greater or less than in 1875?

Mr. WRIGHT. I think about the same. I do not think there are any more people out of employment in Massachusetts to-day than there were in 1872, although the census of that year did not take into consideration actually the people out of employment. There is a column in the census of Massachusetts for 1875 of unemployed; but that embraces all those people in the State who never have any employment; retired men, sons and daughters of families living at home, and all the various people in the

State who never have any employment. If the gentleman has taken that column as his basis, then he took an entirely false basis for his conclusions.

The CHAIRMAN. Did your figures take into account in both cases the number of persons in the almshouses who were receiving public relief?

Mr. WRIGHT. No, sir; they did not.

The CHAIRMAN. In both cases you excluded them?

Mr. WRIGHT. In both cases I excluded them.

The CHAIRMAN. May there not be at present a large number of persons who, if employment was more abundant, would be out of the poor-house and would be in the walks of industry?

Mr. WRIGHT. That would increase the number reported by our bureau, but not very much—very slightly. It would not add 4,000 to the number.

The CHAIRMAN. In other words, do I understand you as saying that the number of persons receiving parochial relief in Massachusetts is only 4,000 greater than in 1875?

Mr. WRIGHT. No; that figure would include every person receiving parochial assistance in both years.

The CHAIRMAN. Do you mean to say that there are not over 4,000 persons in the State of Massachusetts receiving parochial relief?

Mr. WRIGHT. There are not more than that receiving permanent aid in the entire State; but perhaps I might as well be accurate about that.

The CHAIRMAN. Yes; for that is a very remarkable statement contrasted with other countries.

Mr. WRIGHT. That does not include those receiving temporary aid from day to day, but permanent aid (after referring to a book). The whole number of indoor paupers in Massachusetts in 1875 was 4,340.

The CHAIRMAN. How many were receiving relief outside?

Mr. WRIGHT. That cannot be determined and never has been determined accurately in any State or country.

The CHAIRMAN. I mean receiving relief from public sources. In England it is determined every month.

Mr. WRIGHT. Every year differs with the next year, and every writer on the subject differs with every other writer.

The CHAIRMAN. The statistical statement published every month in England gives the returns for every parish in England, is summed up into the four great divisions of England, and is then averaged for the year. That report is supposed to be perfectly accurate.

Mr. WRIGHT. I am familiar with that report; but the trouble with it is that it takes the paupers who are relieved temporarily every year, and does not take the number on any one day, so that it is never an accurate statement of the actual number relieved throughout the year. That is the trouble in our own country. We never get at it. An attempt is being made this year to take the census of those receiving temporary relief on special days at four different periods of the year. That will give an approximation of the actual number receiving assistance. At present it is like the tramp question, where one active tramp counts for 365 tramps throughout the year.

The CHAIRMAN. But that is not the case in the English system. There the names are taken down and the persons receiving relief are only counted once in the month, and the return is made for every month, so that you can actually get the names of the paupers relieved in any given month in the year. They are only accounted for once. This English return is made for the express purpose of accomplishing what you say they are at present trying to do in Massachusetts—arriving at the number of individual persons relieved.

Mr. WRIGHT. I understand that they have brought it to greater perfection there than we have here, and that is one reason why gentlemen come and say that pauperism is decreasing in England and is increasing in this country. When they get at the real facts they will find that the reverse is true.

The CHAIRMAN. Do you mean to say that pauperism is on the increase in England?

Mr. WRIGHT. I do not mean to say that it is on the increase, but I mean to say that it is not decreasing there and increasing here in the proportions alleged. It is decreasing there and it is decreasing here.

The CHAIRMAN. Do you mean that, since the panic of 1873, there has been a decrease in the number of paupers in the United States?

Mr. WRIGHT. Temporarily, after the panic of 1873, there was an increase in the number of individuals relieved at the public expense. That number is now decreasing, and the overseers of the poor everywhere in Massachusetts (in cities as well as in towns) report a decrease in the number of those demanding aid from the public. The expense of pauperism in Massachusetts for the year ending March, 1878, will, when the report is made, show a decrease as compared with former years.

The CHAIRMAN. May not that decrease be due to the diminished price of commodities supplied to the paupers?

Mr. WRIGHT. It might, if it were not for the fact that it will show a decrease in the numbers also.

The CHAIRMAN. Have you looked at the statistics for the city of New York to see if that is also true here?

Mr. WRIGHT. I have not.

The CHAIRMAN. I think that they will show that the number of applicants for relief last winter was greater than at any previous period in the city of New York.

Mr. WRIGHT. That may have been so at some particular time.

The CHAIRMAN. Have you gone outside of the State of Massachusetts to see whether the same conclusion is true in other States?

Mr. WRIGHT. I have made very extensive inquiry in regard to the condition of labor in the United States, and I have not found a single locality yet that reports any such state of affairs as we have been led to believe existed.

The CHAIRMAN. Have you investigated the condition of labor in the coal-mining regions of Pennsylvania?

Mr. WRIGHT. Not thoroughly. The coal-mining work is subject to so many variations that it is difficult to judge of its condition at any time.

The CHAIRMAN. You have seen, of course, a statement, made during the spring of the year, of the condition of miners at Scranton and in the neighborhood of Scranton?

Mr. WRIGHT. Yes.

The CHAIRMAN. Showing the absolute destitution which was said to prevail in that region?

Mr. WRIGHT. Yes; I have no doubt it did prevail, but I believe that it is better now.

The CHAIRMAN. How does it get better?

Mr. WRIGHT. I cannot tell you any more than I can tell you how an apple grows.

The CHAIRMAN. You might, still, from observation, tell how an apple grows, and so about pauperism. It may be that there is more employment now, or that some portion of the unemployed labor there has been forced away into other fields of occupation.

Mr. WRIGHT. When a large quantity of coal is sold on the market for the sake of influencing the market, it affects the condition of the miners. I find as much difficulty in getting at the causes of prosperity as I have in getting at the causes of depression.

The CHAIRMAN. I am speaking now of the fact whether, under your observation, any portion of the labor that was unemployed and suffering has been compelled to quit the regions where there was too much of it and to go to other regions—driven to the West, for instance.

Mr. WRIGHT. Not to any great extent, although emigration is constantly going forward to the West from all the Eastern States.

The CHAIRMAN. Do you think that Massachusetts has been relieved of any portion of her pauperism in that way?

Mr. WRIGHT. I think so. I do not believe that the population of Massachusetts has very much increased during the last three years. I do not think that that has relieved the State of Massachusetts, for I do not believe that you can create a condition of prosperity by depopulating a State.

The CHAIRMAN. No; but you can relieve the suffering in a State where people are out of employment by getting rid of the surplus population for the time being.

Mr. WRIGHT. Certainly; through the natural redistribution of population.

The CHAIRMAN. May it not be done by artificial means? Cannot the State say that there are more people in the State than can be employed; and can it not take the money which would have to be expended in feeding the unemployed and use it in putting them somewhere else?

Mr. WRIGHT. That might work very well for a little time; but it would soon become a disaster to the nation. I do not think that you can force a redistribution of population any more than you can force a readjustment of values. Certainly a government cannot force prosperity.

The CHAIRMAN. But suppose there is here a deficiency of employment, and suppose that a thousand miles to the west of us there is a demand for labor, cannot the State intervene and transfer the unemployed labor from here to the region where there is employment for it? It is not a matter of forcing prosperity, but a mere matter of putting the labor where it is wanted. Cannot the same money which would be used to feed these people be used to transport them to some other place where their labor will be remunerative?

Mr. WRIGHT. Yes; if you had an opportunity to select the right men.

The CHAIRMAN. Then the difficulty would be in the selection?

Mr. WRIGHT. I think the trouble would be this (it is the same in all Northern States as in the Southern States—only with different kinds of population): There is in every large city a class of men who, if you should give them a farm in the West, stock

it, and put it in first-rate running order, on the condition that they should live on it and till the soil, would not go there. Such men prefer what they call society. They will have it. It is certainly impossible to get these men out of a city under any inducement whatever. It is just the same with colored people in some of the Southern States. The colored man likes society; his society to him is important. A watermelon on the sunny side of the house is worth more to him than any labor remuneration for his family. And it is just the same with a certain class of men North. For many years we have been trying in Boston to get population out of the city into country homes; and I am not aware yet that any of those endeavors have met with success.

The CHAIRMAN. You think, then, that any interference with the natural law which leads people where their inclination requires them to live would be unwise on the part of the government?

Mr. WRIGHT. Not only unwise, but it would lead to absolute disaster.

The CHAIRMAN. Do you think that, if we were to appropriate the proceeds of the sale of the public lands to the work of moving population from the cities to the Western lands, it would result in failure?

Mr. WRIGHT. I think so. I should judge that a better way would be to give them the land.

The CHAIRMAN. That we do now under the homestead law. But the complaint is (it has been brought before the committee and has been very much discussed) that there is not money available to transport the idle people out there, and that there are a number of people who would like to live on farms who cannot get there.

Mr. WRIGHT. Why not offer some of them money to go out?

The CHAIRMAN. That is exactly the question I put to you—whether it is expedient for Congress to pay for the transportation of any portions of this unemployed population that is willing to go to the West.

Mr. WRIGHT. I do not think that the government has any right to do that, and I do not think that it would be a wise measure.

The CHAIRMAN. As to the question of right, you recognize the obligation of every civilized community to take care of its poor, do you not?

Mr. WRIGHT. I do.

The CHAIRMAN. If it can feed them in a workhouse and take care of them there, and if the same money that that would cost would put them where they could take care of themselves, would there be any violation of principle in that?

Mr. WRIGHT. No; if you call these people paupers.

The CHAIRMAN. They come in the attitude of paupers—*in forma pauperis*—and say, "We cannot get to these lands; pay our fares for us and we will go there."

Mr. WRIGHT. Exactly, and the government has a perfect right to pay their fares there and to settle them there and to keep them there as paupers.

The CHAIRMAN. If you put a man in the poorhouse and keep him there as a pauper, would you not let him go some time?

Mr. WRIGHT. Certainly.

The CHAIRMAN. One of the richest families of the United States has sprung from such a beginning. It is said that the founder of that family came over to America under a contract by which he had to refund the cost of transportation; and certainly there is nothing inconsistent in paying a man's passage to the West and enabling him to settle on a farm.

Mr. WRIGHT. No, sir; if you only do it under natural laws; but I doubt if you will get men to go there as paupers.

The CHAIRMAN. That is to say, they will not accept money to pay their fare?

Mr. WRIGHT. No sir

The CHAIRMAN. Mr. Rice says that he was secretary of the Kansas Emigrant Aid Society, and that that society paid the fare to Kansas of a large number of persons. These persons did accept it, and have since turned out very respectable citizens.

Mr. WRIGHT. They were another class of men. That is entirely a different matter.

The CHAIRMAN. Do you mean to say that they went out on some other idea besides settling in the West?

Mr. WRIGHT. Exactly. It is a mere question of ideas.

The CHAIRMAN. Is there any idea more powerful than the desire of a man to secure a home for himself and family?

Mr. WRIGHT. Not generally.

The CHAIRMAN. Can you conceive of a man going out there on a political idea and refusing to go on that other idea?

Mr. WRIGHT. I think he would go, but I do not think he would turn out a good citizen. The people whom Mr. Rice speaks of were men who wanted to go, and whom the society wanted to go; but the idea which you advance is that these people shall go at the expense of the government.

The CHAIRMAN. No; my idea is this. I have a letter written to me from Elizabeth,

N. J., saying that a body of twelve young men, heretofore employed in various avocations, are now without employment, and have made up their mind to go West; and that, if they cannot get there in any other way, they are going to walk there. But the suggestion is made that, if transportation were provided by the government, it would be a very great help to them, and would relieve them of much of the difficulties in their way. That is the sort of case I want to put to you.

Mr. WRIGHT. I should hope that somebody would pay their fare there.

The CHAIRMAN. But the question is whether the government should undertake to do it out of the proceeds of the sale of public lands, the government being trustee of the public lands for the whole community.

Mr. WRIGHT. No, sir.

The CHAIRMAN. Would there be anything wrong, objectionable, or unjust in doing it?

Mr. WRIGHT. It would be an experiment. It might be well worth trying. So far as legality is concerned, I do not know that there is any question about it any more than about giving aid to other enterprises.

The CHAIRMAN. Assuming it to be legal, would it be a wise measure of public policy?

Mr. WRIGHT. I do not think it would be, but I should like to see it tried.

The CHAIRMAN. In regard to the progress of employment in Massachusetts since 1873, are you satisfied now that the labor of Massachusetts is in any better state of employment now than it has been at any time during the last three years?

Mr. WRIGHT. I am thoroughly satisfied about that.

The CHAIRMAN. Things are on the mend there?

Mr. WRIGHT. There is no question about it.

The CHAIRMAN. That, of course, must be true of all other centers of industry.

Mr. WRIGHT. I believe it is so. I have been unable to develop the reverse.

The CHAIRMAN. Have you examined to find whether in other places there was a different state of things in that respect from that which there is in Massachusetts?

Mr. WRIGHT. I have.

The CHAIRMAN. And you have not found it to be so.

Mr. WRIGHT. I do not find but that there is a decided improvement in all branches of industry, with the exception, perhaps, of the iron trade. That is particularly an exception just now, perhaps. I am not familiar with that business.

The CHAIRMAN. I am very familiar with it, and I know that the difficulties in the iron trade seem to be increasing. Although the demand for iron last year was greater in tons than in any year since 1873, yet the fall in prices has been so great that I know of no concern in that business that can be run at a profit. Most of them must be running at a loss, and I think that every owner of a blast furnace must be considering the question whether he can keep it on any longer or not.

Mr. WRIGHT. That is true, I imagine, of the iron trade; but I find that in the cotton business and in the shoe business (the two leading industries of our State) there is not only a decided improvement, but there are many efforts being made to increase the capacity of works.

The CHAIRMAN. Do you think that that results from our having secured a foreign market for any of those products? Has that had any material influence?

Mr. WRIGHT. It has had a slight influence, but not to any great extent. Of course there has been a swing of the pendulum of industry and it must go back. The overproduction of which we hear so much must have taken place since the depression. Overproduction is rather the result of depression than depression the result of overproduction. There has been an attempt on the part of everybody to consume as little as possible; and the result of that attempt is being felt now by the industry of the country. Manufacturers report to me that in many instances they are unable to fill their orders. I know it as a fact that many mills and works in Massachusetts are starting up. I know, furthermore, that the number of those which close is growing less and less. And if that is true, and if manufacturers are building additions to their mills (as they are at Manchester, N. H., where the Amoskeag works are adding 900 Crompton looms to their machinery), that is a sign of great prosperity. The Amoskeag works are a successful corporation, and the managers would not add to their means of production if they did not find use for it.

The CHAIRMAN. May they not be adding 900 looms of an improved style and displacing 1,800 looms of an inferior kind?

Mr. WRIGHT. It might be so, but it is not.

The CHAIRMAN. Of course, when improved machinery comes into use, it is generally substituted for less effective machinery.

Mr. WRIGHT. Certainly.

The CHAIRMAN. And one corporation may be increasing its machinery when another corporation is closing up its works.

Mr. WRIGHT. That is very true. That brings us to the whole subject of machinery.

Mr. RICE. Do you know anything as to the business of the manufacturer of Crompton

ooms at this time; whether he has not all that he can do in manufacturing them? Has he not more business now than he has had for many years?

Mr. WRIGHT. I have been so informed.

Mr. RICE. It is so.

The CHAIRMAN. I should like you to look at this statement (handing a copy of the Graphic to the witness) of Mr. Moody's figures and say what you think about it.

Mr. WRIGHT (after examining the paper). I had not seen this before.

The CHAIRMAN. You observe that his figures seem to be made up on a selection of industries. He selects a certain number, and on the basis of that certain number he deduces conclusions which he says are at variance with the conclusions in your report of 1878.

Mr. WRIGHT. He selects certain figures that are correct, and on these correct figures he makes a false assumption and builds up his conclusions.

The CHAIRMAN. What is the false assumption?

Mr. WRIGHT. The false assumption is that the increase in these industries has been exactly in the same ratio as the increase in population; and from that he builds up the whole statement. I have noticed his statements in other matters, and, if carried to their logical conclusion, they would show that 100 per cent. of all classes of laboring people have been displaced. Therefore, if we had ten millions employed in this country in protective industries, according to Mr. Moody's assumption they have been all displaced.

The CHAIRMAN. That is to say, that machinery is doing the whole work?

Mr. WRIGHT. Yes; that is the logical conclusion which we come to on Mr. Moody's figures.

The CHAIRMAN. His figures would bring us to that happy condition of things when the laboring population would be ablo to have the products of machinery for nothing.

Mr. WRIGHT. I do not see why they would not.

The CHAIRMAN. Do we progress sensibly towards that state of things?

Mr. WRIGHT. We do. Anticipating that very question, I yesterday caused some figures to be made in regard to the working time in various industries, the actual working time on a basis of 308 days per year, and I find that in the boot and shoe trade in Massachusetts in 1875 the operatives did not work over eight hours a day on the basis of extending their whole labor over 308 days in the year. They worked from 240 to 250 days out of the whole 308 working days, and were idle the rest of the time. If that labor could have been extended over the 308 days, then they did not work on an average more than eight hours a day. And it was so with the whole industries of the State. The yearly working time in 1875 was 243, which is about eight hours a day, if extended over the whole year. In the cotton trade in the city of Lowell, out of 308 days the operatives worked 306 days. That was $9\frac{83}{100}$ hours on the average. But in Fall River they worked only $272\frac{8}{10}$ days, making an average of nine hours a day. In Lawrence they worked 291 days, or an average of $9\frac{44}{100}$ hours per day. But in Adams, in the western part of the State, they worked only $280\frac{1}{2}$ days out of the whole year, or an average of nine hours per day. In the trade of carpentry and joinery the operatives in the State worked 272 days out of 308 days, or an average of about nine hours a day. In the manufacture of agricultural implements the operatives worked nine hours per day. So that actually, so far as real working time during the year is concerned, the operatives of Massachusetts, if their whole work was extended over the year, worked but a little over eight hours per day. I furnish a table of the figures:

BOOTS AND SHOES (ABOUT 30,000 EMPLOYED).

Cities and towns.	Actual yearly working time, in days, on basis of ten hours each day.	Daily working time, in hours, on basis of 306 working days.
North Brookfield	243.4	7.9
Milford	241.	7.82
Boston	272.	8.83
Weymouth	240.3	7.8
Stoneham	217.7	7.
Haverhill	272.5	9.
Lynn	229.4	7.44
Marlborough	247.4	8.
Worcester	264.9	8.6
Brockton	237.2	7.7
Hudson	268.3	8.71
Hopkinton	262.4	8.5
Marblehead	221.8	7.2
Beverly	763.8	8.56
COTTON GOODS.		
Lowell	306.	9.93
Fall River	272.8	9.
Lawrence	291.	7.44
Adams	280.5	9.
CARPENTRY AND JOINERY.		
Boston	272.	9.

Agricultural implements, 1,176 employés.
Average on 308-day basis, 9 hours.
Average of 77,000 employés: males 8 hours, females 8 hours 50 minutes.

The CHAIRMAN. But it is alleged to be a grievance that when they do work they are compelled to work too long hours, and then that there is a good deal of time when they have no employment; and one of the points urged upon the committee is that some legislation should be provided by which at no time should they work more than eight hours a day, and that thus the labor would be evenly diffused throughout the whole year.

Mr. WRIGHT. It is a very serious question whether, by legislation, you ought to compel a manufacturer to work in a season of the year when he has no sale for his goods on the average of eight hours per day; or whether you will give him an opportunity of working for nine or ten hours a day during the busy season and running a shorter time during the dull season.

The CHAIRMAN. Is not that the very function of capital, that it is a fly-wheel, which carries labor over dull times and furnishes employment? Capital accumulates stock and is compensated by profits.

Mr. WRIGHT. I should think that that was a fair statement. We were speaking of the progress of machinery toward more luxury, which, I believe, is the province of machinery. The actual result of labor-saving machinery (which is, by the way, a misnomer, as it does not save labor but makes labor) is to give men better wages and more time. That is, to make them better qualified for a higher civilization. Now, the fact is (I quote from Mr. George Howell, of England) that the rise in wages during the last 30 years in London (in the clothing trades) amounted to nine and fourpence per week, equal to 30½ per cent. on the 30 shillings a week paid previous to 1847. And that does not take into account the reduction of hours of labor. That is also true of this country.

The CHAIRMAN. You are quoting from Mr. Howell's recent publication on capital and labor?

Mr. WRIGHT. Yes; his last work. In regard to this country, there is a sworn statement, made up by a committee appointed by a court in Connecticut, and the statement is that in 1859 carpenters received $1.75 per day. There was an actual increase until 1868, when they received $3.50 a day; and then there was a decrease to 1876, when they received $2.50 a day. Now, for jobbing work carpenters receive in our State $2 a day, which is higher than the wages received by them in 1859, with all the depression.

The CHAIRMAN. Is the purchasing power of $2 at present equal to the purchasing power of $1.75 in 1859?

Mr. WRIGHT. Not fully, although it is approaching it. I am preparing at present a complete statement of the wages of all kinds of mechanics in 1860 and 1878, with comparative columns, giving the prices of all provisions and necessaries of life for the same periods.

The CHAIRMAN. It is precisely that information which the committee sought to get in the questions which it put out, and which the committee has not yet succeeded in getting.

Mr. WRIGHT. You shall have it in full for Massachusetts.

The CHAIRMAN. Then your statement is that machinery has not injured the demand for labor in this or any other country; but that, taken as a whole and on the average, it has increased the demand for labor?

Mr. WRIGHT. I believe that to be true. Of course, temporarily, on the introduction of improved machinery there is an apparent displacement and an actual displacement of muscular labor; but the result has been, in every instance where sufficient time has been given for an intelligent judgment, that employment (which I distinguish from muscular labor) has actually increased, and that that increased employment has increased the time which the workingman has to himself and the amount of wages which he has to furnish his family with subsistence.

The CHAIRMAN. If it can be shown that the material condition of the working classes has steadily improved since the introduction of machinery, do you know any other cause than machinery which could have brought about that result? Is there any other cause?

Mr. WRIGHT. I do not know any other cause to bring about a better condition of the workingmen. I do not know any more potent cause than that, because nothing can improve the workingman's condition except that which will give him better results for his work.

The CHAIRMAN. In investigating the condition of the wage-earning class, is the weight of evidence in favor of the fact that their condition has steadily improved during the last hundred years?

Mr. WRIGHT. Certainly; I know of no evidence to the contrary.

The CHAIRMAN. Do you find that disputed?

Mr. WRIGHT. I find it disputed, but never in books, because men who write books know better. But I find it disputed on the street. I find it disputed in my office by the men, who claim that machinery has been derogatory to the condition of the laboring man; but I never have found the man who could stand up and carry out his argument to its logical conclusion.

The CHAIRMAN. It is a curious fact that, in the evidence before this committee, not a single witness has taken the ground that the condition of the working classes has been made worse by machinery; but, as a matter of fact, all have conceded that the progress has been always toward a better condition of things.

Mr. WRIGHT. I should suppose they would. It is utterly impossible to take the other side.

The CHAIRMAN. In this work of Howell's (the best work that has appeared in the defence of trades-unions and the rights of labor), what view does he take on that subject? Does he consider that the condition of the laboring classes has improved?

Mr. WRIGHT. Certainly; all English writers who deal with the subject believe in that.

The CHAIRMAN. Have you investigated what amount of population would be required in the State of Massachusetts to do the work now done there by muscular labor and machinery, provided the machinery were abolished?

Mr. WRIGHT. I have.

The CHAIRMAN. What population would be required in Massachusetts to do all the work?

Mr. WRIGHT. To do the work which we now do in Massachusetts would require a population, on the present means of subsistence, of about nine millions.

The CHAIRMAN. What is the present population?

Mr. WRIGHT. One million six hundred and fifty thousand.

The CHAIRMAN. Then the necessaries and the luxuries of life now earned by and

distributed among one million six hundred and fifty thousand people would have to be earned by and distributed among about nine millions of people?

Mr. WHIGHT. Yes; that would be the result if we did not have machinery.

The CHAIRMAN. I need not, therefore, ask you for the conclusion that the nine millions of people would have very short commons. I do not suppose that you have such a surplus of food in Massachusetts that you could take care of seven millions more people?

Mr. WRIGHT. No, sir. If you take the accumulated wealth of any State, and if all the industries of that State be stopped, the accumulated wealth will not support the people more than two and a half years.

The CHAIRMAN. Then, in one year the entire accumulated wealth of Massachusetts would disappear if you were required to do by muscular labor the work that is now done there by muscular labor and machinery?

Mr. WRIGHT. Yes.

Mr. RICE. The condition of affairs there would be as bad as in China or India?

Mr. WRIGHT. It would be worse.

The CHAIRMAN. How would it be worse? I supposed that China and India had reached the limit of the population that could live on what they have got to live on.

Mr. WRIGHT. I think the people of Massachusetts would reach a condition of starvation very rapidly.

The CHAIRMAN. Within a year, I suppose?

Mr. WRIGHT. Yes; within less time.

The CHAIRMAN. How are the figures arrived at; is it a matter of careful calculation?

Mr. WRIGHT. It has been a matter of arithmetical calculation, not based on any estimates whatever, but the result of figures made by various parties—engineers and intelligent men—from actual facts. There is no guess-work about it; we do not deal with that in our work. You cannot get along with statistics if you admit a single assumption.

Mr. THOMPSON. In that calculation of yours, do you take into consideration the transportation of the country carried on by railroads?

Mr. WIGHT. Yes, sir; it includes the railroads. Without railroads it would be about seven millions. To do the work that is now done by the railroads in Massachusetts would require four hundred thousand men and a million and a half of horses, and would cost four hundred million dollars a year, instead of the twenty millions a year that it costs now.

Mr. THOMPSON. In your calculation, what relative number do you fix as between a horse and a man in power?

Mr. WRIGHT. As far as the roalroads were concerned, that figure was arrived at by the grades. We took into consideration the grades and the load which horses can draw over grade and over level roads. We did not use the ordinary horse-power of the philosophers at all.

The CHAIRMAN. Who made the calculation in regard to railways?

Mr. WRIGHT. The honorable Edward Appleton, formerly one of our railroad commissioners, a scientific, careful civil engineer.

Mr. RICE. He was the engineer of the board, was he not?

Mr. WRIGHT. Yes.

The CHAIRMAN. You can furnish the committee with those figures, I suppose, as you have them in an article read by you before the American Science Convention?

Mr. WRIGHT. Yes; I shall furnish the whole calculations.

The CHAIRMAN. If that paper of yours is in print it would be a very valuable document to be appended to the report of the committee.

Mr. WRIGHT. I shall see that the committee has it.

The CHAIRMAN. The practical result of this calculation is that by the use of machinery every man in Massachusetts has made himself equivalent to about five persons, while only one is to be paid.

Mr. WRIGHT. Emphatically, yes.

The CHAIRMAN. Then, in your judgment, machinery has enabled a larger population to subsist upon a given area than would have been otherwise possible?

Mr. WRIGHT. Yes; that is the practical result.

The CHAIRMAN. Carry that out to its logical consequence. Is it not the tendency of population in every country to go on increasing until the limits of subsistence are reached?

Mr. WRIGHT. That is a pretty deep question. I should like to consult a higher power about it.

The CHAIRMAN. Population does increase?

Mr. WRIGHT. Yes; but whether it would increase or not to that extent which you foreshadow, or whether there would be a blow up, I cannot say.

The CHAIRMAN. Has not the population so increased in India and China?

Mr. WRIGHT. Yes. Countries oscillate in their conditions of prosperity. We find

people in one part of the earth living in one condition, and people in another part of the earth living in another condition. We find one man weighing 350 pounds and another man weighing only 125 pounds.

The CHAIRMAN. In a civilized country, where machinery is in operation, the standard of life is higher than in countries like China and India, where machinery has not been introduced to any great extent?

Mr. WRIGHT. There is no doubt about that..

The CHAIRMAN. Can you imagine that a race accustomed to the refinements of civilization would be willing to come down to the condition of the people of China and India under the pressure of increasing population?

Mr. WRIGHT. I believe that the province and the work of machinery is to enable all the population which the Almighty sees fit to place upon this earth to subsist upon this earth, and I believe that machinery will carry the people constantly forward in a higher and higher condition of civilization so that they can subsist by less work; and I know that intelligence grows as machinery advances. That seems to me to be a solution of the problem which you have submitted.

The CHAIRMAN. England is a country abounding in machinery; Belgium is a country abounding in machinery. Belgium is much more densely populated than England, having something like four hundred persons to the square mile. England has but about half that number. Now, machinery of the most improved forms has been introduced into Belgium in every conceivable place. Is the condition of labor in Belgium more favorable to the laboring class than it is in England, or is it *vice versa*?

Mr. WRIGHT. If you class all the labor together in your question, it would be a very difficult question to answer. I do not think it would be possible for the large mass of people to subsist comfortably in either Belgium or England were it not for the influence of machinery. Whether the one or the other is in a happier state would be a very serious question to undertake to answer.

The CHAIRMAN. I now press the question which I put to you originally, and which you said you would not like to answer; that is, whether the tendency, even with machinery, is not to go on and increase in population until practically the limits would be reached of humanity existing on the smallest possible amount that would keep it in being; and whether, as between England and Belgium, that is not about the present condition of Belgium?

Mr. WRIGHT. Whether the population of the world will become so dense that it cannot have subsistence is not a question for mortals to consider.

The CHAIRMAN. It is conjectural to some extent, but it has a bearing on this question—whether it is within the power of man to devise any remedy that will postpone the day when the population will become so large that the limit of subsistence will be reached, and that all will have to subsist in comparative poverty, almost want, as do the people in China and India?

Mr. WRIGHT. I do not believe that that time will ever arrive; and if the population become so dense that it cannot subsist with the present means of production, some other means will be given—whether through machinery or not, I cannot say; but faith in the Almighty teaches me to believe that He will get the world out of the trouble in some way.

The CHAIRMAN. But why doesn't the Almighty get China and India out of their trouble?

Mr. WRIGHT. I cannot tell you.

The CHAIRMAN. You must not suppose that I can answer the question better than you can.

Mr. WRIGHT. I am enjoying your position just as much as you are enjoying mine.

The CHAIRMAN. The bearing of the question on the condition of this country is simply this: Of course, in this country there is no present danger of our reaching any such limitation; but the question becomes important in this sense, that in other countries where the limit has been reached, as in Belgium, and, comparatively, in England (because England imports large quantities of food), competition is produced with our people; and if England and Belgium can get labor for a less supply of the necessaries of life than we can, and can undersell us, they can drive us out of all the foreign markets and compete with us in our own markets for our own domestic manufactures. Have you considered the subject in that view at all?

Mr. WRIGHT. That would involve the question of the tariff, which I understood this committee to say is a matter for the Committee of Ways and Means.

The CHAIRMAN. In Belgium labor is paid at the rate of two francs a day, and labor in this country is paid at the rate of five francs a day. Now what is to prevent this Belgian competition from bringing down our labor to the same rate of compensation as the foreign labor?

Mr. WRIGHT. That is a matter which, as one of the causes of the present depression, enters largely into the question. We are suffering just now from a disproportionate arrangement of values, resulting from rapid transportation, &c., and a readjustment must take place. Now everything undergoing a readjustment has to suffer always,

under all circumstances, until the readjustment is perfected. We are trying to equalize wages; or, rather, the result of things is to equalize wages all over the world. The markets of the world are becoming nearer and nearer, as transportation grows more and more rapid. We are gradually approaching a condition almost entirely cosmopolitan in its character. Every man knows his foreign neighbor now better than he did. If goods are to be sold in New York to-day at a certain price, that price is quoted in Canton, in Hong-Kong, and in Liverpool; and whenever that class of goods finds a market and a price here (if they are goods that are produced here), that price immediately controls them there. Now we have to adjust ourselves to that state of affairs; and, during the adjustment, many men have to suffer. But I believe that every legitimate failure which has taken place is a step towards that readjustment in distributing assets, in sharing liabilities, and in bringing people to a common equalized basis. When that occurs (and it is occurring rapidly) the country will step out on a period of prosperity, and not until then.

The CHAIRMAN. Then one of the results of the introduction of machinery and of the readjustment of things has been to bring about a state approaching towards the equalization of wages in the great manufacturing and producing countries?

Mr. WRIGHT. Yes, and the capacity to satisfy wants.

The CHAIRMAN. Will that equalization take place in the fall of the higher rate of wages to the lower level, or will it be in a rise from the lower to the higher; or will it be by a joint action toward a common level?

Mr. WRIGHT. It will be by a joint action, because wages and salaries and all remuneration sometimes swing too far out of balance; while, on the other hand, the lower grades do not come up rapidly enough. Labor never receives adequate remuneration for the efforts expended. That is a state of affairs that has always existed, and which nobody can explain. Perhaps it is just there that the question of profits comes in. But I am satisfied that the workingman never yet has been paid, and is not now paid, a remuneration adequate to the effort he expends.

The CHAIRMAN. Do you mean to say that too large a proportion is taken by capital?

Mr. WRIGHT. I would not say that, because I do not know it to be a fact, but I say that in individual cases that may occur. We have no right, however, to discuss questions on individual cases but on general principles.

The CHAIRMAN. As to the profits of manufacturing capital in New England. Has capital in the average of years in Massachusetts had a larger remuneration than seems to you just? Take the average of years, good and bad, has capital had such high rates of dividends as would seem to be an undue remuneration for it?

Mr. WRIGHT. I do not believe it has. I believe that the reward of capital has been no greater than was perhaps necessary to keep the wheels of industry going.

The CHAIRMAN. Then how can you say that labor has had too little?

Mr. WRIGHT. For instance, the Lowell mills last year worked 306 days out of the 308 working days of the year; and on that they paid a smaller dividend to their stockholders than previously in continuous years. To prove that I refer you to the ninth annual report of my bureau, where that whole subject of profits of corporations and all private establishments is thoroughly displayed, and where it is shown that the stockholders receive a less amount of profit than the individual proprietors of private establishments. Now, if, in these Lowell mills, which ran 306 days out of 308, they should work less time and pay the same wages, you can see at once the disastrous effects that would follow.

The CHAIRMAN. Certainly I do see that.

Mr. WRIGHT. On the other hand, when I say that workingmen do not receive an adequate amount for their labor, that remark is based upon the fact that the majority of workingmen do not save anything. I do not now refer to the workingmen who expend their wages prodigally, but to men who are careful and economical. They do not save anything, and are obliged to rely in a large manner on the wages of the children of the family. That to me is the worst phase of the labor question—the employment of young children and young persons in our mills. And every time that a child goes into a mill to work he interferes with the wages of an adult.

The CHAIRMAN. How would you meet the competition with Belgium? Supposing that the State of Massachusetts prohibited the working of women and children in factories in the way that you describe, and that in Belgium there was no such prohibition, and that the people were allowed to be overworked, how is competition with Belgium to be kept up in the State of Massachusetts—putting out of the way all questions of tariff?

Mr. WRIGHT. I do not believe that that competition can be forcibly adjusted. It would have to adjust itself on the wants of the people. If wages are brought too low for a man to subsist upon them, that man suffers. There is no doubt about that. You cannot dodge that conclusion. And he must suffer until a different state of affairs helps him out of his suffering; and the only way out of it is the same royal road out of every difficulty—hard work. I know of none other.

The CHAIRMAN. In 1859, when I went patiently through all the foreign iron-works to get at the condition of industry, I found that practically they were getting in Belgium the labor of a whole family, man, wife, and children, for the same sum exactly as we paid to the man alone in this country. Then the question which was presented forcibly to my mind was, "How can industry grow up in America in competition with such a state of things as that, unless we adopt the same method here?" And I have never been able to answer that question to myself.

Mr. WRIGHT. I am in just the same condition as you in that matter. The only way that you can meet a lowering of prices in one thing is by the lowering of prices in another thing. If wages become so low that men cannot live on them at the present price of the necessaries of life, the prices of those necessaries must come down. Either that, or else we must turn ourselves into a general pauper-relieving establishment. That is the only way out of it.

The CHAIRMAN. No; another way is the way adopted in Belgium, where a man and his wife and children go into the factory, and in the aggregate they earn enough to support the family in a certain condition of comfort. But you propose to prohibit the employment of children and women in occupations unsuitable to them.

Mr. WRIGHT. You say I propose it. I do not say so. I said that it was the worst phase of the labor question.

The CHAIRMAN. You would like to get rid of it?

Mr. WRIGHT. Certainly; but I did not propose to prohibit it.

The CHAIRMAN. That brings us to the difficulty which we are here to consider; whether, by legislation of Congress, we can do anything to make the condition of the wage-earning class more tolerable, more comfortable, and more prosperous than it now is.

Mr. WRIGHT. I believe that it is of vastly more importance and vital interest to the workingmen of the country that all the affairs of the government, legislative and executive, shall be administered economically than all the ten-hour laws or any special relief that can be enacted. The whole question of taxation comes to that. I think that the workingman to-day is suffering from taxation. All the constitutions of the country provide that the people shall be justly and equitably taxed. That reads very well, but it is not the fact in any case. Nor do I know how the people can be relieved by special enactment until the legislatures of the country (including the national legislature) shall devise some means of just and equitable taxation. In Massachusetts we have enacted many laws for the benefit, directly or indirectly, of the workingman, but the direct laws are rarely of any benefit to him. Take, for instance, the ten-hour law. The ten-hour law in England did not go into operation by the force of law, but by the force of circumstances, because it was for the interest not only of the employer but of the employed that ten hours should constitute a full day's work. So in Massachusetts. If we should pass there, the next session (as many want), a nine-hour law, it would be of no effect. The nine-hour law is in existence now practically. It would only force a distribution of time and make things arbitrary where they should not be arbitrary. I do not see that the workingman of Massachusetts would be better by an absolute enactment of a nine-hour law than he now is. It is all these indirect methods of legislation that actually benefit the workingman, and the one of taxation is one that is vital to him.

The CHAIRMAN. Then you think that the functions of legislation to affect labor are limited by the taxing power?

Mr. WRIGHT. No; but I say the taxing power is one of the most vital powers.

The CHAIRMAN. Do you know any other method by which Congress can do anything for the improvement of the condition of the wage-earning class, except through the agency of taxation?

Mr. WRIGHT. It might, perhaps, if it would adjourn.

The CHAIRMAN. Are you aware that adjournment does not reduce expenditure?

Mr. WRIGHT. I am; but I am also aware that if the Congressmen were paid $25,000 each to stay at home, instead of $5,000 to go to Washington, it might be a benefit to the workingmen of the country.

The CHAIRMAN. But it is not a good thing for the reputation of Congress that, in the judgment of an intelligent man, we had better dispense with a representative form of government.

Mr. WRIGHT. Of course you will excuse me for the pleasantry; but it all comes to this: The welfare of a nation, it seems to me, depends upon the virtue of the individual members of the nation. After all, the whole question is an individual one. The moment that you undertake to make remedies that are to be forcible and absolute in their operation, I am reminded of the boot-strap school of political economy. The workingman is on one side of a wall, and he wants very much to get on the other side; and the political economist of the boot-strap school says: "My dear sir, will you be good enough to get on the other side"? and he hops away. Now, the workingman on the other side finds that by tugging at his boot-straps he does not get over; but if he goes to work with his hands he may build steps with which he can get over

it. It is an individual question; and when the individuals of the nation get their private affairs adjusted to the new order of things, we will hear no more of the difficulties of laboring men. And it is the same with Congress. Of course all this thing is reflected in Congress. I believe that Congress tries to do what it can, by legislation, to assist generally the business of the country. I am not one of those who believe that the government and business are entirely dissociated. I believe that the influence of government on business is not only great but of vital importance to all the industries of the nation. And, in that respect, I do not see why the laws should not be passed, why all the trusts of State and national legislatures should not be exercised, carefully and faithfully, with an eye to the business of the country.

The CHAIRMAN. Is there any other method by which Congress can proceed, except through the taxing power, in regard to the relations between capital and labor? Assuming that there is equality before the law and justice in the courts, is there any other direction by which we can approach the question?

Mr. WRIGHT. It is the duty of the government to maintain its coin and currency at par with the gold standard of the world. I believe that the currency which does that is the best friend of the workingman.

The CHAIRMAN. Then you are in favor of persevering in the legislation for the restoration of specie payment?

Mr. WRIGHT. Yes; Congress should show an honest and upright adherence to that legislation, and show that it is in earnest in it.

The CHAIRMAN. In the imposition of taxation in any way (an income tax, for instance), can Congress leave a larger return to the laborer than he now gets?

Mr. WRIGHT. Theoretically I am entirely in favor of the fairness of an income tax; but I know and appreciate the obstacles in the way of carrying it out. If Congress can remove those obstacles, and provide a means by which an income tax can be equitably enforced, it seems to me the fairest form of tax, because it relieves the man of small income from taxation and imposes it on the man of large income.

The CHAIRMAN. Is it not the interest of the workingmen to have the accumulation of capital in the country encouraged?

Mr. WRIGHT. Without accumulated capital no great work can be carried out.

The CHAIRMAN. Would not an income tax be an impediment *pro tanto* to the accumulation of capital? That is, if you impose a progressive income tax, would there not be a point where capital would be taken out of the country to some other place?

Mr. WRIGHT. I say that the imposition of an income tax is attended with such obstacles that I do not know that it is practicable.

The CHAIRMAN. Then, an income tax may produce greater evils than it is proposed to remove?

Mr. WRIGHT. It may. The subject is worthy of very great consideration by Congress.

Mr. THOMPSON. The State of Massachusetts sustains a population, you say, of 1,650,000; and you say that were it not for machinery it would require a population of nine millions to produce what is now produced in that State?

Mr. WRIGHT. Yes.

Mr. THOMPSON. Do you mean by that that the introduction and use of machinery increases the population's producing capacity of a State?

Mr. WRIGHT. I believe it does. It not only increases the population's producing capacity, but it also increases the wants of the people.

Mr. THOMPSON. But does it actually increase the capacity to maintain population?

Mr. WRIGHT. I believe it does.

Mr. THOMPSON. Suppose you had a wall built around Massachusetts, and suppose the capacity of the State to maintain population is equal to a million and a half of people without machinery; if you introduce all the machinery that you have and keep the State isolated, will the State maintain any more to the square mile?

Mr. WRIGHT. That is not a tenable supposition. That is a supposition that I cannot contemplate, because Massachusetts is not an agricultural locality at all.

Mr. THOMPSON. That is the point. Now, if Massachusetts were absolutely isolated would machinery enable her to maintain a larger population?

Mr. WRIGHT. Only agricultural machinery.

Mr. THOMPSON. Exactly; but would spinning-jennies enable her to maintain a larger population?

Mr. WRIGHT. Of course the manufacture of cotton goods would be of no use to Massachusetts if she were shut in.

Mr. THOMPSON. Therefore, the logical sequence is that while machinery enables men in Massachusetts to manufacture more goods, and to be a larger factor in the world's commerce than she would be without machinery, no more population can be sustained to the square mile in Massachusetts with machinery than without it?

Mr. WRIGHT. But Massachusetts is in the world, and you cannot consider Massachusetts to be out of it; that is impossible.

Mr. THOMPSON. Could more people live, to the square mile, in Massachusetts with machinery in the world than without machinery?

Mr. WRIGHT. I shall have to decline to put myself out of this sphere in contemplating these questions. I cannot see how any man can consider what Massachusetts would be if there was not any "rest of world."

Mr. THOMPSON. The impression left on my mind by your statement was that the more machinery is in use the greater the capacity to maintain population, and that Massachusetts would maintain more population with machinery than without it.

Mr. WRIGHT. I do not recollect making any such statement. I said that machinery improves the capacity for enjoyment of the people, and in the work of civilization that it gives them more leisure and more opportunity to gratify their wants.

Mr. THOMPSON. In other words, machinery creates new wants and supplies them.

Mr. WRIGHT. Yes.

Mr. THOMPSON. But machinery does not increase the capacity of mere existence?

Mr. WRIGHT. I begin to see what you are driving at. Mere existence can be kept up without any machinery at all.

Mr. THOMPSON. Can it not be kept up to as great an extent without machinery as with machinery?

Mr. WRIGHT. You can feed a hog on swill. A horse requires something else. A man requires more than a horse; and a high grade of man requires more than a low grade of man. A high grade of man can be better sustained in a community that has developed its inventions than in a community that has not developed its inventions. You can feed a hog equally well in both.

Mr. THOMPSON. In other words, a high state of civilization cannot be maintained without machinery?

Mr. WRIGHT. No, sir; it cannot be.

The CHAIRMAN. Nor the present number of population?

Mr. WRIGHT. No, sir.

Mr. THOMPSON. Why not the present number of population?

Mr. WRIGHT. Simply because without machinery we could not produce enough to sustain it.

Mr. THOMPSON. How does machinery produce, or assist in producing, the merest absolute necessities of existence?

Mr. WRIGHT. Merely because it enables men to till ten times as much ground as they could without it. You cannot raise more per acre, perhaps, but you can till more acres.

The CHAIRMAN. Cannot a man produce more per acre, also, by the use of agricultural machinery? In England they produce seventy bushels of wheat to the acre, as against our product of twenty bushels.

Mr. WRIGHT. Admitting that he cannot raise any more per acre, he can till more acres. The secretary of the board of agriculture in Ohio contends that he cannot raise any more per acre.

Mr. THOMPSON. Still you cannot embrace within the definition of machinery the rude implements of husbandry. You are speaking of machinery in the higher sense. Reaping-machines do not make any more grain grow.

The CHAIRMAN. No; but they save more.

Mr. WRIGHT. A reaping-machine enables a man to reap ten times as much as he would without it.

Mr. THOMPSON. But is not the same amount of grain raised there?

Mr. WRIGHT. That is hardly worth talking about.

Mr. THOMPSON. That is the complaint, that one of these reaping-machines does the labor of ten men.

Mr. WRIGHT. If a reaper does the work of ten men, then you are harvesting more than you would if you had not the reaper. Then you raise more food and sustain a greater population.

Mr. RICE. You say that the tendency of machinery, and of these vast improvements in the facility of intercommunication, is to equalize wages throughout the world. Your inference, therefore, is that the tendency of events now is to reduce the wages of American laborers?

Mr. WRIGHT. It has had that tendency already.

Mr. RICE. Is there any way by which that tendency can be checked profitably and advantageously to labor?

Mr. WRIGHT. Not forcibly that I am aware of.

Mr. RICE. Suppose that all the means of subsistence for laborers are afforded in this country to an unlimited extent, and suppose that the manufacturers in this country are protected by a tariff against foreign importation, so that everything that can be made here is made here, and the farmers furnish the manufacturers with their subsistence from the soil, would not that keep the wages of the American laborers up as against the wages of the laborer of Belgium and England?

Mr. WRIGHT. I have seen no facts that would allow us to give a just conclusion to that supposition, because facts are so thoroughly quoted on both sides of the proposition that I have seen nothing conclusive.

Mr. RICE. You do not believe that a protective tariff would tend to prevent the decline in the wages in this country?

Mr. WRIGHT. We have a protective tariff, and yet our wages have declined.

Mr. RICE. We will not take the protective tariff which we now have. I suppose nobody will defend it.

Mr. WRIGHT. I suppose not.

Mr. RICE. But suppose a protective tariff that is really protecting the manufacturing interests of the country?

The CHAIRMAN. You mean prohibitory?

Mr. RICE. I mean largely prohibitory.

Mr. WRIGHT. I believe that, in this country, an industry in its inception should be protected, and that of that protection the workingman shares the benefit. But, when the industry can stand alone, when it can compete with the world (as the paper industry of this country can do to-day), then the only tariff that should be on that line of goods should be a tariff for revenue. I believe that, if that principle were carried out in regard to all the industries of this country (protecting them where they should be protected, and making it a tariff for revenue purposes where the industry will admit of that) the workingman would be benefited and a further decrease of wages would be, to a large extent, guarded against.

The CHAIRMAN. For how long would that last?

Mr. WRIGHT. I cannot tell you.

The CHAIRMAN. But even that would come to an end?

Mr. WRIGHT. Well; let it come. If it comes to an end, all very well; if it does not come to an end for fifty years you will have that fifty years to enjoy the benefit of it.

Mr. RICE. Would it do any harm until the end came around?

Mr. WRIGHT. I do not think it would. I think (speaking from the standpoint of the workingmen) that the need of this country to-day is that the tariff should be adjusted so as to protect those industries which require protection, and admit world-wide competition in those articles where our industries are able to meet with world-wide competition.

Mr. RICE. That is substantially a protective tariff.

Mr. WRIGHT. Yes; but modified.

Mr. RICE. If the iron industry were carried on under such circumstances I suppose that the price of iron would not be affected at all by foreign importation. The foreign production would have no influence at all on its price here. But when it comes to a point that it can stand on its own basis then it will not need any protection, and it will go on without it. On the contrary, the woolen business does need protection, and, if it were not for protection, the foreign manufactures would be imported and sold here in place of our own manufactures. Now, if we protect the woolen business we have a protective tariff, which you say is not dangerous.

Mr. WRIGHT. Yes; in principle.

Mr. RICE. And you accomplish the end which you desire, which is nothing else than the employment of our labor, and the keeping up of the price of labor.

Mr. WRIGHT. Yes; I think that the workingmen of this country, if they thought that the highest kind of a protective tariff (almost a prohibitory tariff) would better their condition, would be in favor of one; but I do not think they think so. You spoke of the woolen business.

Mr. RICE. Yes; I took it up at haphazard. Now, you may take the cotton business, for instance. It needs no protection because raw cotton is produced here so that no other country in the world can compete with us in producing cotton; we have that advantage to begin with. I was assuming that we were to protect those industries which would not go alone without protection.

Mr. WRIGHT. The tariff in favor of the wool-grower and the tariff on the manufactured goods clash, as you know. Now, *there* is a case where you have either got to allow the free importation of wool for the benefit of the manufacturer, or to tax the raw material for the benefit of the wool-grower.

Mr. RICE. That is the difficulty in adjusting a tariff properly?

Mr. WRIGHT. Yes.

The CHAIRMAN. Are we not as well suited for agricultural products as any country in the world?

Mr. WRIGHT. I do not know why not.

The CHAIRMAN. Then why impose this duty on wool; what sense is there in it?

Mr. WRIGHT. I never could see much.

The CHAIRMAN. Then that is one direction in which the committee may make a report.

Mr. WRIGHT. I think that the workingman to-day, who works in a woolen manufactory, is suffering in wages on account of the tariff on the raw material—on wool.

The CHAIRMAN. Is he not suffering in the same way when he buys his clothes?

Mr. WRIGHT. He suffers in every way from the tariff on wool; and nobody gains by it except the wool-grower, and I do not think that he gains much by it, for he

would sell more wool if there was not a tariff on the foreign product. The native wool-grower does not find so good a market for his product as he would if the foreign raw material was admitted, because that material is necessary in various manufactures of woolen cloths. I believe that to be the case so far as that one article is concerned, and that the workingmen suffer from the tariff on wool.

Mr. RICE. You would protect the labor, but you would not protect the soil.

The CHAIRMAN. Have you any other suggestion to offer the committee?

Mr. WRIGHT. I do not believe that any man can claim to have so thoroughly studied the labor question as to be able to present a crystallized cause for the present state of affairs, or to formulate remedies for it. All the causes come in. I have carefully watched the proceedings before this committee, and have read the testimony given before it. If all the causes should be crystallized the result would not be a conglomerate cause; it would be an effect. Everything that has been stated has tended to bring this about; and it does seem to me that the way out of it is an individual one, consisting of hard work, aided by the encouragement of our government in every way that it can be given, directly or indirectly. And I wish to say that I believe that the result of the work of this committee will be of great benefit to the laboring men of the country, because the committee has given them an opportunity to come here. And even if they do have what the papers call "wild schemes," that is all the better. I learn as much from wild schemes as I do from sensible schemes; and I do not know but that the committee can take from them all something of good.

The CHAIRMAN. In other words, the progress of society is made up of small increments.

Mr. WRIGHT. Yes. Every man who comes up here (whether believing in socialism or the reverse) cannot but produce something toward the general progress of society and civilization; and in that respect the work of this committee will make a contribution.

The CHAIRMAN. The committee is very much obliged to you for having taken the trouble to come here.

The following papers were subsequently supplied by Mr. Wright:

LOCOMOTIVES COMPARED WITH HORSES—RESULTS IN MASSACHUSETTS.

[A paper read before the Boston Society of Civil Engineers, March 20, 1878, by Edward Appleton, C. E.]

A few weeks ago a question was asked me which I was not ready to answer at once, but which I could answer, I thought, after a few days' research. The inquiry became interesting to me as I followed it, and perhaps it may interest some of the members of the society also. The question asked me was:

"How many horses would be required to perform work equivalent to that done by the locomotives in use on the railroads of Massachusetts?"

A nominal horse-power is that necessary to raise 33,000 pounds one foot high per minute, an estimate first made by Boulton & Watt in selling their steam-engines. Trautwine says that this assumption can really be carried out by a strong horse day after day for eight or ten hours, but as an engine can work day and night without stopping, while a horse cannot, a one-horse engine can do much more work than any one such horse. Boulton & Watt meant that their one-horse engine could *at any moment* perform the work of a very strong horse.

Trautwine estimates that a good, average trained horse, weighing about half a ton, well fed and treated, can walk 10 hours per day at the rate of 2½ miles per hour on a good level road, and exert a continuous pull or tractive force of 100 pounds. On a level piece of good road, he estimates the traction at 60 pounds per ton of load and carriage, so that the 100 pounds of tractive force exerted by the average horse enables him to pull a load of 1⅔ tons at the rate of 2½ miles per hour for 10 hours per day on a good level road.

Trautwine gives the weight of a train, exclusive of engine and tender, which a good locomotive, weighing 27 tons or 60,480 pounds, all on the drivers, can haul on a level railroad, at a moderate speed, say 8 to 12 miles per hour, as 1,458 tons, an estimate corresponding very nearly with the amount of work which the Baldwin Company guarantee their locomotives of similar size to perform. This locomotive then will haul a load as heavy as 878 horses could pull at the rate of speed assumed above for them on good common roads, but as it hauls this load at an average speed of four times that of horses, it is doing the work of 3,512 horses, and is capable of doing it, not merely for 10 hours per day, but for nearly the whole 24. If the horses, however, were hauling upon a level railroad instead of a common road, it would not require so many of them to do the same work. Haswell gives a table of the comparative useful effect of the power of an average horse on a turnpike, a railroad, and a canal. He rates the tractive force of the horse at 83.3 pounds, and says that a horse, traveling at the rate of 2½ miles per hour for 11½ hours per day, will exert a useful effect equal to 14 tons drawn one mile on a turnpike, 115 tons on a railroad, and 520 tons on a canal.

Making the hours of work and the tractive force agree with those of Trautwine, the average horse would draw 110 tons one mile on the railroad, or for his whole distance of 25 miles in 10 hours he would draw 4$\frac{4}{10}$ tons. The locomotive above described then draws as many tons as 331$\frac{1}{4}$ horses could pull on the same railroad, and as it draws them at four times the speed of the horses, it does as much work in the same time as 1,325 horses.

The total miles of railroad included in the returns made to the Massachusetts railroad commissioners for 1877, adding the double track but not the sidings, is 3,124, of which 2,295 are in Massachusetts. The whole number of locomotives used by the corporations reporting as above is 1,031; and the proportion due to the miles in Massachusetts is 757. The average weight of the locomotives is not given in the report for last year; for the previous year it is given, sometimes in tons, sometimes in pounds. Supposing the tons to mean 2,000 pounds each, 886 locomotives reported averaged 58,839 pounds each. But we do not know how much of this was carried by the drivers, which shows the effective power of the engine. Some of the engines were tank-switching engines, carrying all the weight on the drivers; some were heavy freight engines with 6, 8, or 10 drivers, and having eight or nine-tenths of their whole weight effective; but probably all the passenger engines and many of the freight engines were of the common style, carrying from $\frac{6}{10}$ to $\frac{65}{100}$ of their whole weight on the drivers. For the purpose of this calculation, we will take the average weight of the engines, 58,839 pounds, and consider $\frac{65}{100}$ of it effective, *i. e.*, 38,245 pounds. An engine having this weight on the drivers should be able to haul, at an average speed of 10 miles per hour on a level road, 925 gross tons, exclusive of engine and tender. To haul this load on a good common road, at the rate of 2$\frac{1}{2}$ miles per hour, would require 557 horses; to haul it at the same rate of speed the locomotive does would take four times as many, or 2,228. To haul it on a level railroad by horse-power at the rate of the locomotive would requrie 840 horses. It is not necessary here to consider curves or grades. The engine is *capable* of doing that amount of work on a straight and level road, and, exerting its full power, will do what is equivalent to that on the curves and grades, though it may be with a smaller load or at less speed; and it would require the number of horses above given to do the same work which the locomotive is *capable* of doing. It is not to be forgotten, also, that while the horses can do this work for only 10 hours per day, the locomotive can do it for nearly the whole 24, deducting only the time necessary to take in fuel and water.

We found the number of engines proportionate to the miles in Massachusetts was 757. Of this whole number, of course, a part are in the shops for repair, and another part may be in the stalls waiting orders. I will deduct 10 per cent. of the whole number on these accounts, which will leave 682 engines constantly at work, without doubt averaging as many hours per day as was allowed for the horses; and I think it probable they average more. Now, as it would require 840 horses to do the work of an average locomotive on a level railroad, to equal these 682 engines in effective power on the railroad would require 572,880 horses; and to accomplish the same effect on a good common road would require 1,519,496 horses. It is also to be borne in mind that this calculation applies merely to the amount of freight and cars which could be hauled at a moderate rate of speed; and that it would be simply impossible for any number of horses to haul the heavy passenger trains at the rate of 40 or 50 miles per hour, which some of our locomotives are constantly doing.

The above calculation shows the number of horses required to do the amount of work which our locomotives are *capable* of doing. Let us now examine the returns to see how much they actually performed.

The number of tons of freight hauled one mile by the roads reporting to the Massachusetts commissioners for the year ending September 30, 1877, was 684,810,604; and the average dead-weight hauled one mile as per commissioners' table was 3$\frac{144}{1000}$ tons for each ton of paying freight, making the total weight hauled one mile 2,837,855,143 tons (of 2,000 pounds each, I suppose). In proportion to the miles of railroad in the State, the amount would be 2,084,784,748 tons. The rate of speed of freight trains is not given in the last report; in that of the previous year it varied on the different roads from 7 to 22 miles per hour, and averaged very nearly 13 miles per hour; we will suppose it the same for the last year. As 25 miles per day is the distance for which the average horse can haul his load, the number of tons, freight and cars hauled one mile will be equal to 83,391,390 tons hauled 25 miles. Assuming 350 days as the average number of working days in the year for freight trains, we shall have 238,261 tons to be moved 25 miles each day. And as the load of the average horse was put at 4$\frac{4}{10}$ tons on a level railroad, it would require 54,150 horses to haul this load at their rate of speed of 2$\frac{1}{2}$ miles per hour. As the locomotives haul the same load at an average of five times the speed of the horses, it would require five times as many, or 270,570 horses, to equal the effective force which the locomotives have exerted the past year in transporting freight on our railroads; and this estimate is on the supposition that the railroads were level for their whole length. To accomplish the same amount of work on good level common roads, 717,655 horses would be required.

It would be desirable to know how much to add to the numbers of horses above given on account of grades and curves. But the reports since 1870 have given no returns whatever on these subjects, and those previously made were so imperfect that they could not be used as a basis for computation.

Let us see now what the locomotives on our railroads accomplished in carrying passengers the last year. The number of passengers carried one mile by the roads reporting last year was 103,278,126. Estimating their average weight at 150 pounds, we have 7,745,859 tons (of 2,000 pounds each) of passengers hauled one mile. Add to this 2,091 tons of dead-weight for each passenger, as per commissioners' tables, we have a a total of 319,232,687 tons of passengers and cars hauled one mile. The proportion of this for the length of roads in the State is 234,519,531 tons. These passengers were carried at rates of speed varying from 15 to 38 miles per hour, including stops, averaging very nearly 25 miles per hour.

In old stage times, a rate of 10 miles per hour on a good smooth road was full as much as the stage lines expected to average, and to do this it was necessary to change horses every 10 miles. Haswell says that a horse can only travel 13 miles a day, at the rate of 10 miles per hour, drawing a load; but probably this means a continuous pull. To be sure that we credit the horses with all that they can do, we will suppose that they have one or more rests, and thus accomplish 15 miles per day, at the rate of 10 miles per hour, drawing a load. The horse's tractive power diminishes as his speed increases, and at the rate of speed proposed would not exceed 25 pounds, enabling him to pull but $\frac{1}{100}$ of a ton on a good level common road; and calculating, as before, in regard to freight, he would be able to pull on a level railroad $1\frac{3}{10}$ tons at the rate of 10 miles per hour for $1\frac{1}{2}$ hours per day, and this would be his whole day's work.

Fifteen miles per day being the distance allowed for each horse in the passenger service, the number of tons of passengers and cars hauled one mile will be equal to 15,634,635 hauled 15 miles. Divide this by 365, as there is hardly a day in the year on which some passenger trains do not run, and we have 42,834 tons per day. At $1\frac{3}{10}$ tons per horse it would require 32,949 horses to keep this weight moving at the rate of 10 miles per hour on a level railroad. As the locomotives move the same weight at an average rate of speed $2\frac{1}{2}$ times as great, it would require 82,372 horses to do the same amount of work in the same time. The actual work in kind and quality done by the locomotives could not possibly be done by the horses. I only estimate the equivalent of it to be done by the horses in some manner within their power. To perform an equivalent amount of work on good common roads would require 261,182 horses.

Adding together the results ascertained in the freight and passenger service as actually done by the locomotives, it would require 352,962 horses to do an equivalent amount of work on the railroads of the State, provided they were all straight and level. I have no means of ascertaining the additional number required on account of grades and curves; every one must estimate this for himself. My own opinion would be that an addition of one-third would not be too much. And supposing an amount of work to be done by horses on good level common roads equivalent to that which has been done by the locomotives on the railroads, 978,837 horses would be required. That is the result of calculation. Now taking into consideration the average quality and condition of the common roads of the State, and the great amount of ascents to be overcome upon them, it seems to me it would not be setting the number too high to say that it would require 1,500,000 horses to do work upon the existing common roads of the State equivalent to that which has been done the past year upon our railroads by the locomotives.

VIEWS OF MR. J. H. WALKER.

NEW YORK, *August* 27, 1878.

Mr. J. H. WALKER appeared before the committee by invitation. He stated in reply to the chairman that he resided in Worcester, Mass., that he was a manufacturer of boots and shoes in Worcester, and a manufacturer of leather in Chicago; that the volume of his business in Worcester was a little over half a million dollars a year; and in Chicago about a million and a half; and that he employs 497 persons.

Mr. RICE. Have you yourself been a workingman in the boot and shoe business?

Mr. WALKER. I have been. I have never worked at anything else.

Mr. RICE. Did you begin at the bench?

Mr. WALKER. I did.

Mr. RICE. Have you worked in all the branches of the business yourself?

Mr. WALKER. I have not worked as a journeyman in all branches of it, although I have done work in nearly all parts of it.

Mr. RICE. Did you inherit any capital or business, or have you made your business yourself?

Mr. WALKER. I had $4,500 when I was 32 years old, which I had saved.

Mr. RICE. What have you to say as to the importance of the boot and shoe business compared with other businesses? State its magnitude, the amount invested in it, and the number of persons employed in it.

Mr. WALKER. The statement is made in various quarters that, next to agriculture, the boot and shoe business is, in its volume and in the number of persons employed in it, the largest in the country; and it is conceded to be such.

Mr. RICE. Do you mean to say that that is a fact as to the country at large, or as to the State of Massachusetts only?

Mr. WALKER. I mean to say as to the whole United States. The reason why I put it in that way is, that that includes all branches of the business from the taking off the hides to the delivering of the shoe to the wearer. Whether if the cotton business or the woolen business were computed in the same way it would leave the boot and shoe interest the largest, I am not able to say; but the statement made by writers on the industries of the country is, that the boot and shoe industry is the second largest in the United States.

Mr. RICE. It is sufficient that it is one of the very large interests, and that you are familiar with it in all its branches. You make your leather in Chicago, transport it to Worcester, manufacture it there, and sell your products wherever you can find a market?

Mr. WALKER. I use, myself, only a small portion of the leather which I make; but it is true of what I do use.

Mr. RICE. The committee would like to know some things in regard to the condition of the leather and shoe business now, as compared with its condition in the past, say from 1850 to 1860—whether it has depreciated since then, and, if so, to what extent; whether there are as many persons employed in it; or whether those who have been accustomed to be employed in it now find employment in it. If it is depressed, state what are the causes of that depression, so that we may have an idea of the condition of the business as compared with those periods in the past.

Mr. WALKER. I have before me the statistics of the shipments of cases of boots and shoes and rubbers from Boston, which is a fair indication of the business in all the country. In 1872 there were shipped from Boston 1,452,000 cases. In 1873 the number of cases had fallen off 115,000. In 1874 they had increased 54,000 cases over 1873; in 1875 they had increased 59,000 over 1874; in 1876, they had increased 72,000 cases over 1875; in 1877 they had increased 237,000 cases over 1876. These shipments represent a very large proportion of all the goods made in New England.

Mr. RICE. So that there has been an increase in the volume of business to that extent?

Mr. WALKER. Yes. Up to this time in 1878 there has been a decrease of 157,400 cases over shipments up to the same period in 1877; but that decrease is accounted for by the fact that the sales of rubbers have not taken place as usual, and by the fact that, this year, the jobbers are not buying goods in anticipation of the wants of the consumers, but are buying only as they need them from the manufacturers. It is the universal opinion of the trade that the manufacture of boots and shoes this year throughout the country will be larger than it was last year.

Mr. RICE. So that, on the whole, the volume of business has increased steadily for some years past; and you do not admit that it has fallen off during the past year?

Mr. WALKER. It certainly has not.

Mr. RICE. Now, in regard to the prices, or the profits, of this manufacture, what would you say about them? Have they increased or have they fallen off?

Mr. WALKER. I think that, on the whole, there has been no money made in the manufacture of boots, shoes, and leather since 1873. In other words, I think the manufacturers have shod the people since 1873 to a great loss to themselves. Their distribution of capital from October, 1875, to October, 1876, to their workmen and the consumers was between four and six millions of dollars on sole-leather alone.

Mr. RICE. Owing to what?

Mr. WALKER. Owing to the depression of prices. It was owing to exceptional circumstances; but, on the whole, from 1873 to the present time, it is possible that that loss may cover the whole. Possibly $6,000,000 of capital would cover the whole loss to the manufacturer for that period. The capital employed in the sole-leather business alone has been decreased $6,000,000 by losses—by shrinkage.

Mr. RICE. That does not include any real estate or plant, but merely loss in the manufactured stock?

Mr. WALKER. That is my estimate from the best sources I can reach. I think that there has been an equal loss of capital by the manufacture of upper-leather.

Mr. RICE. Has the boot business during that time been carried on for the benefit of the capital employed in it, or for the benefit of the workingmen who have been furnished employment by the business being carried on, and who have thereby been able to obtain means of subsistence (I mean since 1873)?

Mr. WALKER. It has been carried on for the benefit of the workingmen. There has been a hope of gain which has not been realized, in any profit to the capitalist; on the other hand there has been a loss.

Mr. RICE. Is machinery used in the manufacture of leather as extensively as it is in the manufacture of other raw fabrics?

Mr. WALKER. No, sir; it is not. The machinery used in cotton and woolen goods exceeds that used in leather. Still machinery is used extensively. It has been introduced almost wholly within the last thirty years.

Mr. RICE. What has been the effect of the use of machinery in making boots and shoes, on the persons who have been employed in the business—on their wages, their condition, their modes of living, and the labor employed?

Mr. WALKER. Their wages and condition have steadily improved. In 1840 the wages of journeymen were slightly over a dollar for thirteen hours' work. That is, workmen were expected to go to the factories in the morning before breakfast. They went home to breakfast, dinner, and supper, and worked as long as they could see, just as farmers work. That was in the summer. In the winter the shops were lighted in the evenings. Wages gradually increased up to 1860, when they were about double what they had been in 1840. During the war the highest rate of wages was about fifty per cent. more than in 1860; and at the present time wages are a small percentage higher than they were in 1860.

Mr. RICE. And how many hours do laborers work now?

Mr. WALKER. I know of no factories that run over ten hours. Occasionally they run twelve or thirteen hours, with extra pay; but ten hours is the rule.

Mr. RICE. You heard the testimony of Mr. Wright—that there are some seasons when the factories are closed?

Mr. WALKER. The factories are closed on the average for two months in the year.

Mr. RICE. When the wages have been as you have stated, what have been the fluctuations, if any, in the prices of the necessaries of life for the workmen?

Mr. WALKER. I have not those statistics; I depended on their being collected by somebody else.

Mr. RICE. Is it your idea that the purchasing power of the wages of labor is as great now as it was in 1860?

Mr. WALKER. I do not think it varies materially. I think it is a slight percentage higher now—no more, however, than the wages are higher than they were in 1860.

Mr. RICE. Some have said here that the effect of the introduction of machinery is to take away the work from the manual laborer; and it tends to overproduction. What have you to say on this point, in your particular line of business?

Mr. WALKER. I think that, on the whole, the exact opposite is the fact.

Mr. RICE. Give your views on that subject in your own words.

Mr. WALKER. In making the boots and shoes there is a great deal more work put into them now than there was formally. It would be impossible to make boots and shoes in their present form by hand. And so, to a greater or less extent, with all other things produced by the aid of machinery. The number of pairs of boots which can be produced by a man per annum, as they are sold to-day, has increased about 12½ per cent., and of shoes about 20 per cent., by the use of machinery, and of leather probably 15 per cent.

Mr. RICE. So that one hundred men in a factory, working with machinery, now will produce about that rate more of boots and shoes than could be produced by the same number in old times, before the introduction of machinery.

Mr. WALKER. There are not nearly as many women and children employed now in the business as there were formerly. The present number employed in boots and shoes more nearly represents adult labor.

Mr. RICE. I understand you to say that the effect of machinery has been to render one man's labor on boots to be 15 per cent. greater than it would be without machinery.

Mr. WALKER. If they were made in precisely the same form as formerly, it would very greatly increase one man's power; but in the form in which they are made the average of increase is as I have stated. A very much larger proportion of the people wear boots and shoes all the year round than formerly. There is now a larger proportion of the people engaged in producing them than in 1840.

Mr. RICE. But they are made now in an improved form.

Mr. WALKER. Yes. Before the introduction of machinery, women wore low shoes, without heels, coming to their ankle; but now they wear shoes, some of them, eight inches high, with heels, and with a good deal of stitching and other workupon them.

Mr. RICE. Do these shoes cost her any more now than the old kind she used to wear?

Mr. WALKER. I think they do. On the other hand, ladies' feet are protected by the present style of shoe, but in the old time they were not.

The CHAIRMAN. Is there a demand for a better class of goods now than there was formerly?

Mr. WALKER. Decidedly.

The CHAIRMAN. Do you think that the power of the community to pay for better clothes and goods has made any advance since 1860?

Mr. WALKER. Certainly.

Mr. RICE. What is the result of your observation as to the effect of the introduction of machinery on the condition of society?

Mr. WALKER. It holds the same place which higher education holds to society. You cannot increase mental strength and culture without its physical accompaniments. The one is necessary to the other. The people to-day are, in my judgment, 50 per cent. better off than they were in 1840 in regard to the comforts which they enjoy.

Mr. RICE. And in regard to their ability to procure them, of course?

Mr. WALKER. Certainly.

Mr. RICE. You heard the interesting discussion between the chairman and Mr. Wright as to the effect of machinery in ultimately over-populating the world, as illustrated in the cases of Belgium and England, and as having attained the limit, perhaps, in China and India. Have you anything to say about that?

Mr. WALKER. I never supposed machinery assisted in over-populating China or India.

Mr. RICE. I should not imagine that either; but how in regard to Belgium?

Mr. WALKER. The absolute necessaries of a man never increase. His relative necessaries and luxuries of course increase. I believe that more can be produced from the soil with the careful culture of the spade and hand than by any other contrivance, and that machinery will never add any power to the productiveness of the land to make it support an increased population to the square mile. But machinery enables the earth to produce (so to speak) and to support a greater and very much higher order of men and women.

The CHAIRMAN. You think that a larger population can be maintained in the world by spade culture and hand culture?

Mr. WALKER. Yes; if simple physical existence is the criterion. Certainly there can be. There is no question about that. This is so well understood that in some countries of Europe, where labor is excessively cheap, no plows are used, nothing but the spade. In Northern Italy I have seen twenty men in a field and as many women spading up the ground, just as it was done a century ago.

The CHAIRMAN. What is the condition of the people who have to adopt that mode of culture? Is it equal to the condition of the people of England, where machinery is used more extensively?

Mr. WALKER. The condition of the people of Central and Southern Europe is such and wages are so low that existence can only be maintained by the work of men and women and children, all having to work. The women frequently have loads with donkeys and universally working in the field.

The CHAIRMAN. You have seen women hauling loads with animals?

Mr. WALKER. Yes; even the dogs are made to work all through Germany. In fact, everything is made to work. The horse is put to work there at two years old. He must earn his living.

The CHAIRMAN. Then your conclusion would be that, if our people were driven by necessity to be as industrious and economical as the people of Central Europe, there would be no distress at present in this country?

Mr. WALKER. I do not think there would be any physical distress; but there would be a condition of life which no lover of his country wants to see.

The CHAIRMAN. But at the same time there would be no such thing as starvation in the country, if its present resources were even approximately used as the resources of the people of Central Europe are used?

Mr. WALKER. The same condition of the population would produce the same results as there.

The CHAIRMAN. But with our immense resources, and with the great breadth of country that we have, no portion of the population would be reduced to anything like the poor condition of the people of Central Europe. If our people who are clamoring for employment would resort to the same mode of living, and would go upon the land with spade and hoe, would there be any trouble in sustaining the population of the country?

Mr. WALKER. Not the slightest. The question to-day is the question of the kind of work and the amount of wages rather than the want of work or the inability to secure it. People who are unemployed demand to be employed in a specific kind of work at a particular rate of wages and in a particular place. That is the cause of the continuance of our trouble a hundred-fold more than the absolute want of work.

The CHAIRMAN. You do not think (from what you have seen abroad) that the capacity of this country to support its population is anything like exhausted?

Mr. WALKER. I do not think it is.

The CHAIRMAN. Suppose the pressure in Massachusetts was very great, could a very much larger population be supported there off the soil than is now supported off the soil?

Mr. WALKER. I believe that the soil of Massachusetts is better than the soil of Switzerland, and it is certainly better than the soil of Germany; and I believe that a population can be supported from the soil of Massachusetts larger in proportion to its area than most countries of Europe can support.

The CHAIRMAN. As a matter of fact, the want of progress in the agriculture of

Massachusetts is due to the fact that the people can get what they want cheaper in some other way than by agriculture?

Mr. WALKER. They can.

The CHAIRMAN. What influence has railroad transportation had? Has it cheapened the cost of living?

Mr. WALKER. I think it has, and I think it has not. The measure of the cost of living to a man is what he receives, with rare exceptions, and these rare exceptions are, by the saving of some of their income, made capitalists. The people of Massachusetts receive more than they ever did before; and, as a matter of course, they spend more. They spend it in making themselves more comfortable. The absolute necessaries of life cost less in Massachusetts to-day than they ever did before; and it is the same in the country at large.

The CHAIRMAN. With your large observation of workingmen, you must have seen many merge from the ranks of labor and become foremen, employers, and even capitalists. Is there any more difficulty at present for a man who has capacity and brain and industry and frugality to get into a comfortable position than there has been heretofore?

Mr. WALKER. There were in Worcester in 1840 four firms engaged in boot and shoe manufacturing. They comprised seven individuals, and the annual production of boots was about 12,500 cases. The total number of hands employed, including men, women, and children, was about 225, and the value of the annual product was about $200,000. The average wages of journeymen for 13 hours' work, were about $1. Only one of the seven died in comfortable circumstances, in advanced age. Two of them were at work for me as journeymen when prostrated with their final sickness. With the exception of a son of one of them who is now a porter in my leather store, there isn't a single descendant of one of these men engaged, in any way, in connection with boots, shoes, or leather; nor (with one exception) have any of their descendants any property except household effects, or at least very little. In 1850 there were in Worcester 21 firms manufacturing boots and shoes, comprising 24 members. All but four of these failed in business, and only two retired with any capital. Not one of the 24 is now engaged in the leather or shoe business there, or anywhere else; and of their sons only two. The value of the boot and shoe manufactures of Worcester in that year was about $750,000. The number of cases produced about 40,000, and the number of persons employed about 650, at about $1.50 per day. In 1860 there were 23 firms engaged in the boot and shoe business in Worcester, comprising 30 individuals, only two of whom were manufacturing in 1850. Of those 23 firms, 12 have failed; and of the individuals who composed the firms only 8 are now manufacturing, and only two have gone out of the business with any capital.

Mr. RICE. State whether, as a general thing, those men were men who came up from the ranks of operators to become employers.

Mr. WALKER. I do not now remember one of them who was the son of a capitalist; that is, of a man who would now be called a capitalist. Some of their fathers may have had some property, may have owned farms. Every one of these men was a journeyman.

The CHAIRMAN. They belonged to the order of men called self-made men?

Mr. WALKER. Yes, sir.

Mr. RICE. And every one of them was a journeyman in the business before he went up?

Mr. WALKER. Every one of them but two. I remember that one of them was a bookkeeper who came to work in Worcester at $100 a year. He was not properly a mechanic. The other one began as boy in a retail shoe store. The wages of journeymen in 1860 were about $2 a day. The amount of goods manufactured was about $1,500,000, and the number of cases of goods about 70,000. To-day the number of firms manufacturing boots and shoes in Worcester is 21, comprising 40 men. The annual product is about 150,000 cases. The total number of hands employed, including men, women, and children, is about 2,200. The value of the annual production is about $5,000,000, and the average wages of journeymen for ten hours' work about $2 to $2.15. Of those 40 men comprising these 21 firms, only five are sons of manufacturers, and only one is the son of a shoemaker, and I know of only one who has not been a journeyman worker.

The CHAIRMAN. Then all who are to-day employers in the boot and shoe business in Worcester have come up from the ranks of labor?

Mr. WALKER. I think that every one of them has; and I have been over four or five of the largest shoe towns in Massachusetts, and these statements of the history of the boot and shoe business in Worcester very nearly represent the facts as to the *personnel* and as to the conditions on which they have succeeded, and represent the history of the trade generally. I do not believe that there ever was a time when a prudent, industrious mechanic, with fair ideas of the relations of facts to each other, could succeed in taking the position of an employer in our business so easily as he can to-day.

The CHAIRMAN. Take society generally as it passes under your eye. Does it seem

more difficult now than at any previous period for a man of capacity and industry, and who takes the trouble to fit himself for useful employment, to work into a successful business career?

Mr. WALKER. I think it is easier. I feel very sure that it is. In confirmation of which I may say that there are quite a number of firms starting under my eye (journeymen out of manufactories) who have continued in business successfully during the last three years with scarcely any capital. Indeed I do not know that they had any to speak of.

The CHAIRMAN. You have to grant credits in selling leather to these people?

Mr. WALKER. Certainly.

The CHAIRMAN. As a matter of fact, do not capitalists prefer to grant credits to men who have risen out of the ranks (providing they have a good character) than to any other class; are they not considered the best subjects of credit in business?

Mr. WALKER. We put character first. We put such a thorough knowledge of the business as can only be gained by journeymen working themselves up, second. We put capital last. That is our rule in all the credits that we grant; and it is the rule in all kinds of business. I am selling goods to-day to a man, the limit of whose credit to me is $20,000, and I do not believe the man is worth $5,000.

The CHAIRMAN. But you have faith in his business?

Mr. WALKER. I have perfect faith in him; and I know that if he fails I will get a fair dividend; he will not steal the assets.

The CHAIRMAN. Be good enough to state about what percentage of your customers has actually failed through these disastrous times.

Mr. WALKER. Very few of my customers have failed. Our trade is peculiarly conducted—not like the cotton trade or the woolen industries—and failures among the men who handle the goods (among men known as jobbers) are not numerous. The failures that have taken place have been, almost without exception, those of men who, supposing that they had capital to conduct other business besides their legitimate business, have invested money "outside," and then, in attempting to protect it with the capital of their legitimate business, have failed. During the whole of these disastrous times, so far as my observation goes, the more justly that people in our trade could be called capitalists, the more likely they have been to fail; that is, men who had a surplus of capital more than was necessary for the conduct of their legitimate business have almost invariably failed.

The CHAIRMAN. Do you know anything of the actual facts in regard to the savings of the workingmen since 1873; whether the frugal and economical and industrious have been able to save money?

Mr. WALKER. My relation to the workingmen (that is, my knowing them personally) is not such as it was previous to 1860. I know of quite a number of workingmen who are saving and who have saved; but I know that previous to 1860 a majority of the workingmen in our employment were saving, and particularly those who lived in the country. Nearly two-thirds of the men employed by us who lived in the country owned their own houses, and some of them owned two or three houses, and from a few square rods of land to 15 or 20 acres.

The CHAIRMAN. Would you say that as large a proportion of the workingmen who choose to be economical and saving come to the end of their career in a condition of competency as of their employers?

Mr. WALKER. I think that a very much larger proportion of them come to a condition of competency; that means being rich in proportion to their wants. A man's wealth must be measured by his habits and tastes in life and by what he is accustomed to. A man who has been used to habits of liberal expenditure for himself and family is in misery if he is deprived of the means of indulging those habits, whereas the man who is gradually "getting on," and who is increasing the comforts of his children, is a wealthy and a happy man.

The CHAIRMAN. It has been alleged before this committee as a grievance that some men commonly known as capitalists or employers seem to have a very large proportion of the luxuries and comforts of life, while other men who desire to work have not even the necessaries of life. With your knowledge of men, have you (I do not mean in the city of New York, but in a rural region) found in the enjoyment of a reasonably comfortable and happy life, the disproportion to be largely in favor of capitalists and of the employing classes? Where do you think that, as a general thing, the misfortunes and calamities of life have fallen most severely?

Mr. WALKER. I think that they have fallen most severely upon the more skilled workmen, manufacturers, business men, and capitalists. The men in Worcester who have received the highest wages and who are unwilling to work for any less and are striving to find some congenial employment, some position, as easy and lucrative as that which they were compelled to give up, have been the men who, in my judgment, have suffered most. The mass of the workmen, when there is anything to be done, have the best chance of employment because they do the work cheapest; and the highest class of workmen, unless they have laid up something, have had nothing to

rely upon except their relatives who may have had something which they could divide with them.

The CHAIRMAN. Suppose that a condition of society could be introduced by which all men would be provided with the necessaries of life, and by which the proceeds of industry would be divided so that everybody would be on a dead level. Do you think that that would ameliorate the condition of society to any extent? I ask this question because you have seen every phase of this life, and have passed through it yourself, and you therefore are an interesting witness for this committee.

Mr. WALKER. I do not know, and I never knew, a man who would be called an industrious, frugal, temperate man (unless some calamity or sickness befell him) who was not in comfortable circumstances. I do not believe that there is any class of the community that works so hard and incessantly as capitalists, so called. When the laboring man sees them riding in carriages or cars, or enjoying themselves at some watering-place, it does not occur to him that it is almost impossible for them not to continue the grinding thought and anxiety which will wear them out, or that their present condition may last but for a day. Furthermore, it is impossible to employ all men unless capitalists spend freely for luxuries, or that civilization should progress unless large amounts of capital are under the control of and handled by one man. I question whether the capital which Mr. Vanderbilt has handled could possibly, by any devise, have been managed by any other man so much to the advantage of the community, as a whole, as by him. We all enjoy it every time we ride upon his railroads. No man can have capital and keep all other men from enjoying it. When a man devotes his capital to building railroads, it releases that amount of capital of some other men to be employed in some other way. Every man to his taste in the legitimate use of capital. It is not conceivable for capital to be held by a man for his own use alone. Everybody uses it or else it is not capital. I do not believe it possible for men to be useful citizens unless they desire to acquire wealth—unless they are determined to improve their condition. I can conceive of no condition in which man can be placed where any progress in human affairs can be made, excepting on this basis of every man working to "get on," by himself individually; and I believe that the government should go to the utmost verge of its power in enacting laws to protect the weak in their efforts. The strong will take care of themselves. I believe, furthermore, that if you show the manufacturers and capitalists in Massachusetts (I speak of Massachusetts because I must take some community as an illustration) any way by which the masses of the people can be benefited by a law (even if it makes the accumulation of capital less to them by any percentage), it will not be an hour before they will ask to have the law passed. We have laws on our statute-books to-day which we desire to enforce as to the rights of labor, and as to inspection of factories and tenements, and which we do enforce just so far as we can without driving capital out of Massachusetts. That is the view of all intelligent men, I believe—that the majority of capitalist classes, as such, are ready to do anything that it is practical to do for the men who belong to the wage class. All they ask is to be shown how it can be done.

Mr. RICE. When I first knew you you were working at the bench. You are now running several factories and are employing 500 men. When did you work the hardest?

Mr. WALKER. I do not wish to give up the habits that I have formed; but, so far as work is concerned, I would pay a very handsome sum if I could be released with only ten hours' work, and if I could do the same work as formerly, with the same freedom from care. I do not know any man in Worcester who is temperate, industrious, and frugal who does not enjoy all things as much as I do.

Mr. RICE. Have you made any experiment to have operatives share in the profits of your business; and, if so, what was the result?

Mr. WALKER. There was a very severe and protracted contest, lasting from the 23d of October, 1868, to March, 1869 (I think), between the employers and the employés in Worcester. After that contest closed I made a very determined and persistent effort to induce men in my employment to leave their savings (everything that they could save) on their accounts, and at the end of the year (without counting any interest on the capital or any salary to any member of the firm) the profits (if any were made) should be distributed in proportion to the capital—counting their savings as a portion of the capital.

Mr. RICE. Did you include the plant in the capital?

Mr. WALKER. No, sir; throwing out the plant entirely—I meant the live capital. I failed to induce a single man to do it. They preferred to manage their own savings in their own way. I did, however, through a great deal of persuasion, induce two or three foremen to do it, and it has continued with these two or three up to the present time. This year one of these men came to me, having $1,600 in the business, and said that he wished to buy a house, and that he wanted to take out $800. I said, "Certainly, but you will lose your profits on that sum." He said, "I know it, but I want the house." He was unwilling to go any farther in his abstinence, and he took out this

money and put it into the house. Shortly afterward he wanted $300 more to buy a piano, so that his daughter might take music lessons. That left only $500 remaining. He chose to have his money in these things rather than in business. Possibly he is not naturally accumulative, and possibly I am. Now, I do not propose to criticise that man. He wanted to educate his children and to have the conscious independence of living in his own house; and he preferred that, rather than to have his money in business. I do not say that it was not natural, and the wisest course to pursue for him, but I only say that if such men will not accumulate, somebody else must, or society will retrograde. That is all.

The CHAIRMAN. You were speaking of the necessity for progress and civilization. You did not mean to exclude the element of thought—men who choose never to make any money at all, but who study society and philosophy, and sit down and write books, and develop new laws, adding to the sum of knowledge, and who say, "We prefer to do this work; it is more agreeable"—clergymen, for instance, who choose to devote themselves to the work of religion, and all that class of men. You do not mean to say that their work is not a gain to society?

Mr. WALKER. All that class of men—the Agassizs, the Sumners, the Websters—go very properly on the assumption that the property of their friends is theirs to the extent of a fair support, that all may be benefited by their labors, and it is not regarded honorable by men of means to allow such men to want for support or means to pursue their labors. It is for that reason that men of business and capitalists have endowed colleges, seminaries, and places of learning. That is one of the beneficial uses of capital, and is so regarded by every decent man. If there is any man in the community who is not willing to contribute his share to such work, we regard him as shirking the duties and responsibilities of his position.

The CHAIRMAN. Then one of the results of accumulated capital is that other classes of the community may be able to devote themselves to other work than producing mere material objects?

Mr. WALKER. Certainly; and we have never seen the two extremes of society nearer together than they are to-day—workingmen enjoying the wealth of all other men. It is difficult to know to-day where any man will be to-morrow. There is corruption, and there are rascals in office; but these are the sores and excrescences on the body politic. So far as the system is concerned, I do not know how there could be any improvement in it.

The CHAIRMAN. Does your experience in business lead you to believe that the standard of honesty and integrity in business is lower now than it has been heretofore?

Mr. WALKER. I have no question but that it is higher than ever before, although it may be apparently lower. The revelations of corruption in recent times may make it appear to be lower, but I do not think that there ever has been a time when men, as a whole, were any more honest and self-sacrificing than they are to-day. I believe there are ebbs and flows in morals, as in everything else; but I think that the country touched bottom when you had Tweed here in New York. He represented an element of corruption. It must be recollected that we live in a time when, as it were, a calcium-light is thrown on every man's life.

The CHAIRMAN. The great increase of corporations, which has opened places of trust to individuals, has, of course, opened new opportunities to betray trust. Experience has shown how to put in safeguards which we had learned to put in for other things. Take the savings-banks, for instance, where great frauds have been committed, and where great losses have been sustained by the poor. Ought not legislation to provide a safeguard, such, for instance, as a guarantee by the government of the savings deposited; or ought not the government itself to become the depository of savings, as it is in Great Britain, or institute the system of life-annuities? Can the government safely proceed in that direction, to protect the weak (as you said awhile ago) against the operations of the strong and unscrupulous? Can we go in that direction with any safety?

Mr. WALKER. I think the government can go a great way in the direction of throwing safeguards around savings-banks and life insurance companies, and all chartered institutions of that kind. There should be a uniform system of bookkeeping, and thorough inspection, such as is now made by United States bank examiners. But I question very much the wisdom or policy of the government attempting, itself, the business of a savings-bank. I think that the government should discontinue the whole system of bonds; that every trust estate should be put into the hands of companies of large capital, who should guarantee the trust; and that there should be no individual trustees. You know, in the city of New York, and I know everywhere, of trusts being most shamefully managed. And I think the community ought to be protected against such mismanagement. I think, also, that the guaranteeing of public officers, and of everything else, should be done by companies rather than by individuals. I know of persons who have been beggared through having become security on a bond, twenty years old, by having, after that lapse of time, been held responsible. Such things could be very securely and easily managed with proper supervision.

The CHAIRMAN. We have had such guarantee associations, but, unfortunately, they were badly managed too. Are any of your products exported?

Mr. WALKER No, sir.

The CHAIRMAN. You have no foreign market?

Mr. WALKER. No, sir; not directly. Every man in any trade has a foreign market indirectly, if anything in the trade is exported.

The CHAIRMAN. Is there any protective duty imposed in your line of business?

Mr. WALKER. Yes, sir.

The CHAIRMAN. What is the duty on imported leather?

Mr. WALKER. It is thirty-five per cent. on boots and shoes, twenty per cent. on morocco, twenty-five per cent. on calf-skins, and fifteen per cent. on sole-leather.

The CHAIRMAN. Is there any duty on hides?

Mr. WALKER. Not now; hides come in free.

The CHAIRMAN. Do you know whether we are getting a large foreign trade in leather?

Mr. WALKER. We are, in sole-leather.

The CHAIRMAN. There is, therefore, no necessity for protection in regard to sole-leather, if we can export it?

Mr. WALKER. No, sir; not for the time being.

The CHAIRMAN. You think that there might be?

Mr. WALKER. Circumstances might arise which would make it necessary.

The CHAIRMAN. Are we exporting boots and shoes from this country?

Mr. WALKER. Very few.

The CHAIRMAN. Did we formerly export them?

Mr. WALKER. We did to a limited extent.

The CHAIRMAN. Why have we lost that trade?

Mr. WALKER. Because from 1860 to 1873 we had all that we could do to take care of our own people. The whole energy of the business and manufacturing community was devoted to the development of our own country up to that time.

The CHAIRMAN. How is it now? Is there a surplus now that would be available for export?

Mr. WALKER. There is a surplus of everything for the time being.

The CHAIRMAN. Are we availing ourselves of that surplus, and are we exporting boots and shoes to any extent?

Mr. WALKER. We are exporting sole-leathers, and upper-leathers in some forms; but we are exporting very few boots and shoes.

The CHAIRMAN. Why can we not compete with other countries which do export boots and shoes to market?

Mr. WALKER. Because other countries work men, women, and childen for half the wages that are paid here.

The CHAIRMAN. That is the only reason?

Mr. WALKER. That is the only reason.

The CHAIRMAN. Then, before we can hope to have a foreign market for the products of your line of business, there must be a degradation in the wages of labor and in the condition of the laboring classes?

Mr. WALKER. That, I believe, is what writers on political economy think and say when they are frank enough to do so, and that is the fact. Of the employés in a factory in England, 80 per cent. more are women than in a like factory in this country, and about 8 per cent. more are boys. The wages of women in England are less than one-half of what they are here; the wages of boys about two-fifths, and the wages of men a little over one-half. Therefore a factory can be run in England for about forty-five per cent. less (that is, with a given number of hands) than it can be run here. And it is almost literally true that there is not a machine used in Europe in the manufacture of boots and shoes and leather that is not made in America, or is not a duplicate of a machine made here, excepting a very few recently made there. If we had had in this country the laws of England of seventy-five years ago about exporting machinery and skilled mechanics, we could now be making every boot and shoe that is made in Europe, and export them there.

The CHAIRMAN. But you could not have kept the secret.

Mr. WALKER. I know we could not; and I should not desire to do so; but I mean if such laws had been effective; in other words, if the results of the intense mechanical ingenuity of this country could not have been used in countries of cheaper labor. We must have something to protect the wage class in America from that cheap labor.

Mr. RICE. What is there to prevent the product of their cheap factories coming here and competing with us?

Mr. WALKER. Nothing but the tariff. The tariff operates just the same in benefiting the condition of our workmen as would higher wages or the shortening of the hours of labor there.

The CHAIRMAN. Then, if the duty were taken off the English would supply this market with boots and shoes?

Mr. WALKER. Yes; unless the cost of production here went down immediately they would sell their boots and shoes under the noses of our own workmen.

The CHAIRMAN. The buyer of boots and shoes would get his supplies cheaper in either case.

Mr. WALKER. He would nominally get some of his supplies cheaper.

The CHAIRMAN. What is the proportionate value of the raw material and of the labor in a pair of shoes?

Mr. WALKER. In a thick upper-leather boot the labor and expense account is about 28 per cent. (The expense account is about half in Europe, the same as the labor.) Of course, if the English factory-hand works for one-half the wages of an American, we must have a duty of 14 per cent. to make us even. The rule holds good here as elsewhere that the nearer to the consumer a thing is manufactured the more honestly it is made. That is one reason why our goods are exported and taken in many of the foreign markets in preference to English goods, although their selling price may be higher. Then, again, the people here buying these English shoes would not buy shoes that were so well adapted to them; and it is a fact that the masses of the people are protected in anything which they consume by having it manufactured in a manner especially adapted to their use. The goods that are ill adapted to a people are not cheap to them.

The CHAIRMAN. Would not that adjust itself without a tariff?—Men would very soon learn that you provided them with boots that would wear longer than English boots; and would they not pay the extra 14 per cent. to get your boots without the intervention of a tariff?

Mr. WALKER. In buying the goods made at home a man would get more for his money than in buying foreign-made goods.

The CHAIRMAN. And he would pay more for them.

Mr. WALKER. A few wise and very shrewd persons would do so, but the masses would not. I only mention this as one way of protecting those who are unskilled and injudicious.

The CHAIRMAN. I thought you supposed it dangerous for the government to interfere with the savings-banks to protect people against their own ignorance and their own want of order.

Mr. WALKER. I said that the government should protect them, but should not do savings-bank business directly. So I say in regard to this question of tariff; that the goverment should not make goods directly, but that the government should so arrange its revenue laws as to protect the unskillful and also to develop the industries of our own country.

The CHAIRMAN. The question is this: Whether the individual will not find his self-interest sufficiently strong to make him pay for that which is best, and which suits him. Is not that a more cogent and powerful reason than anything the government can do?

Mr. WALKER. As an abstract principle, that is true; and it is true practically with those who have skill enough rightly to decide.

The CHAIRMAN. Would you have us recommend legislation as to the business of life (buying and selling) for the protection of the ignorant and the unskilled against the shrewder ones? Because if you do, in the ordinary transactions of life, you come to the communistic theory that says you must protect the poor against the rich.

Mr. WALKER. I thought that the protection of the weak or ignorant from the strong and unscrupulous was the theory of all laws. I thought that that was what you were in Congress for: to protect the weak against the strong. The strong can take care of themselves. The question is, how far shall you go? That is a question of degree; not a question of abstract science; not a question of principle; but a question of practice.

The CHAIRMAN. You would stop with the tariff; but when it goes beyond that—when it goes to the case of the mock-auction store, would you allow the policeman to put up a placard, "This is a mock auction"; or would you stop short of that?

Mr. WALKER. Do you not think that the policeman ought to be required by regulations to put up that sign everywhere that it is required?

The CHAIRMAN. Where there is a fraud, I agree with you that the public should be warned of it.

Mr. WALKER. That is what I want the government to do.

The CHAIRMAN. Then you think that the great object of the tariff is to warn the consumer that the foreign product is not so good as the domestic product?

Mr. WALKER. I never said so; and I do not think that it is a logical conclusion from anything I did say. I said that the practical effect of having free trade would be that those who are less skilled and the least able to decide upon the quality were the people who would suffer most by having goods in the market that were not so well adapted to their wear as the home-made goods. This point is only incidental to the question, and but a small part of the office of a tariff.

The CHAIRMAN. Would you adopt the same principle in every branch of industry as well as in the boot and shoe line?

Mr. WALKER. I would carry it through everything which our climate and soil are adapted to produce.

The CHAIRMAN. And everything that we can produce with as little expenditure of labor as in England would be your standard?

Mr. WALKER. That is it, exactly—everything that we can produce with as little expenditure of what may be called skilled labor in producing. This is not purely a question of dollars and cents as to coats or boots and shoes. If I understand it, this country is for making men and women. It is for the progress of its citizens, their development, their education, the making of better men and women. Now, if you put this on the question of trade only, it is immaterial whether a man gets four francs [80 cents] a day here or in Belgium, so far as the whole mass of humanity is concerned. But every man's duty is first to himself, his family, his State, his country; and that is the way in which all progress is made. It is for the interest of this country to benefit her citizens, and it is necessary, in order to do that, that every man should have an opportunity to work at that for which he was born; and he cannot do it unless everything is done where he is.

The CHAIRMAN. You said just now that the tariff made boots and shoes cost more to the consumers. Now, if it makes the commodity cost me more, what good do the higher wages do me?

Mr. WALKER. Of course I knew that you were coming to that. It is only a portion of the boots and shoes that would cost much more to the consumer—only a few kinds, not all kinds. I do not know that the common split boot would cost much, if any, more, because I do not think the tariff affects those goods. Now, as to wages: If a man gets $2 a day you ask me how much better is he off than if he gets only a dollar.

The CHAIRMAN. Provided that the $2 a day is expended in buying the same quantity of goods as could be bought with a dollar under other circumstances.

Mr. WALKER. Then he is not any better off. Do you want your original question answered?

The CHAIRMAN. O, of course.

Mr. WALKER. In the first place, there is scarcely anything consumed by the mass of the people which cannot be obtained in this country as cheaply to-day as it can be obtained anywhere. And things were made cheap in this country precisely as they were made cheap in England and other countries. They were made cheap in England by a tariff. In England they went so far, in order to get freight for their ships, as to absolutely destroy the ships of Holland, blowing them out of the water—sinking them. The navigation-laws of England have been as stringent as navigation-laws could be made, and this fairly illustrates her course in building up all her industries. We are subject to the same conditions; and the fact that we had the tariff, and that our industries were developed, gave us not only the agricultural machinery of this country, but of the world. Agricultural machinery is an American invention—the same as shoe machinery is—and the tariff has given us all our shoe machinery, absolutely every bit of it. There was not a piece of machinery connected with boots and shoes used anywhere in the world that was not a Yankee invention up to very recently. That is the effect of the tariff everywhere. And your $2 wages now will certainly buy 50 per cent. more—and I think nearly 90 per cent. more—of what the mass of men consume than the wages which you have mentioned in England will buy there. Now, if the $2 wages received here will buy only one-half more than the wages paid in England, our workmen are certainly 50 per cent. better off than the English workmen.

The CHAIRMAN. Yes; if the facts are true, but they are not true of all business.

Mr. WALKER. The fact is true of cutlery, it is true of cotton goods, it is true of everything but woolen goods. It is true of the boots and shoes which the masses of the people wear or very nearly so. It is true of agricultural products, and what is there left of the necessities of man?

The CHAIRMAN. I am a maker of pig-iron. Pig-iron pays a duty of $7 per ton. The manufacturers of agricultural machinery are largely buyers of pig-iron. They are exporting agricultural machinery to all parts of the world; but they are met by competition from Great Britain, and they say, "If you give us pig-iron free, we can produce agricultural machinery at less cost and can drive the English competitors out of the market."

Mr. WALKER. That is undoubtedly true in certain cases; but they are a very small percentage of the industries of the country. We cannot do anything to benefit ourselves in one direction without some slight injury in some other. It is with the tariff as with everything else. You cannot make any law without incommoding somebody. We never can be a manufacturing and exporting country such as England is. It is impossible. Remove all tariff, and still it cannot be.

The CHAIRMAN. If food here were as cheap as there, could it not be?

Mr. WALKER. I will come to that in a moment. The institutions of England, from the beginning to the end—not only her laws, customs, and business habits, but everything else—are so formed that not another man can live there by agriculture; and the increase of population there is therefore driven into manufacturing centers. If we

should undersell her in manufactures her operatives would starve, bid under us, or emigrate; and, therefore, let us manufacture as cheaply as we may, England must still undersell us. Now, can we ever succeed in competing with a nation so situated? Then, again, her population is so situated that the workmen in factories have not one-fourth the space to work in that our laborers have. It is just the same with the houses, and just the same with the land. If the English operative's wages were increased 25 per cent., he has no special use for it. In our country every man wants to educate his children a little better, dress them a little better, and live in a better house. The gradations in society here are as nothing. Not so in England. An English workman cannot spend his earnings like the workman that I have alluded to, in buying a house, or a piano to teach his daughter music. He would have no place in his tenement in which to put a piano.

The CHAIRMAN. I think you cannot be aware of the enormous progress that has been made in Great Britain within the last thirty years. I think if you had read Jones's and Ludlow's work of the progress of the working classes in England you would probably change your opinion on that subject. In the first place, the government takes the savings of the workmen and keeps them for them. In the next place, the improvement in the dwellings of the working classes in Great Britain has been something wonderful within the last twenty-five years, and is growing with very great rapidity. A most material and decided improvement has taken place in the position of English workmen, for which I am profoundly glad, because that makes the conditions of the competition with this country more equal. I hail with delight every step, on the other side, by which the workingmen are brought up in the scale of society. And the result of my observations for the last thirty years is that the English workingman is making enormous progress. The wages are steadily rising, and he is learning to spend them much more wisely than formerly.

Mr. WALKER. There is no question about that. The improvements you mention were sadly needed, and I also rejoice in them; but this thing still remains, that the doing it in the way it must necessarily be done there, the dead uniformity in the doing it, is not desirable, and is not conducive to human progress. There should be more diversity in the houses in which they live. If you see a factory village in one of their manufacturing centers, it is one dead level. There is nothing in it to stimulate the minds of the people to a desire and determination to "get on" in the world. If every family lives in a tenement that is exactly like every other (and he cannot live in any other tenement until he becomes substantially rich), what inducement is there for a man to rise, or what place for a small beginning?

The CHAIRMAN. There is no country where the progress of the workmen has been so great as in England of late years. The whole of the English legislation in that respect is so admirable, that I want to get as much of it here as I can. The difficulties which they had to contend against never existed here. Now, the point is this: Can we, by any process of legislation, keep our people on a permanently higher plane of civilization than our English competitors? Is it possible to do that?

Mr. WALKER. No, sir; we can simply keep our people where they are until the English people come up to them; but by no means let us degrade our people down to their level for the purpose of getting an advantage of England in trade. That is my point. I want to save everything that we have. I want to outgrow our tariff. There is no thinking man who does not know that it is an abnormal condition of things that requires a tariff. In fact everything is abnormal, or else there would be no necessity for law or its machinery, no room for progress.

The CHAIRMAN. Do you think that the higher amount of wages paid in this country is due to the tariff, or is it due to the superior natural advantages which enables the workingman to produce more and thus to get a better reward for his labor?

Mr. WALKER. It is due entirely to using the superior natural advantages which the tariff has made available to him.

The CHAIRMAN. Do you mean to say that without the tariff he could not use these advantages?

Mr. WALKER. Not a bit more than a child can grow until after it is born.

The CHAIRMAN. But a child grows before it is born.

Mr. WALKER. If you choose to go any further back in its history, you will excuse me from following you.

The CHAIRMAN. It is alleged that the laborers of no country can get more remuneration than the productions of the soil of the country—in other words, what its natural advantages will produce, to be divided among them. It is said that we are limited by the soil and the labor devoted to it, and that that determines the reward of labor, measured by the common standard of the world—which is gold. You seem to have an idea that that can be increased by legislation. If that is true, it would be a most desirable aid to our natural wealth.

Mr. WALKER. I am exceedingly sorry that I seemed to have that idea; for certainly I have it not. You have heard of the professor from the college of Utopia, or of the

pick and shovel, I have forgotten which, who said that if he could purchase a stove that would save half the fuel, he would purchase two stoves and save all the fuel.

The CHAIRMAN. Yes; we have had that case put here.

Mr. WALKER. That logic is all sound, is it not?

The CHAIRMAN. I have never been able to understand it myself.

Mr. WALKER. It is sound logic to the free-trader. All countries have been developed by protecting their infant industries, and always will be. Our people export goods abroad to-day because of the protective tariff. Every bushel of wheat and every bushel of corn that is exported is due to the tariff. The means by which the corn and wheat are produced for exportation have grown out of the tariff, by the tariff protecting our industries, and creating a competition among mechanics here, which has given us machinery by which our corn and wheat are produced. Our present exportation of agricultural products is as good an illustration of the beneficent effect of protection as anything that the country can show. The very reaper would not have been here, in all human probability, were it not wrought out of the brains of our mechanics, who could not have been mechanics if it had not been for the protective tariff. If it is better for us to be simply and solely an agricultural people, let us go back to that condition. And that is the condition in which we would have been had it not been for the tariff. If you remove the tariff, I have no question but that many of our industries will leave here. Some of them will not. But why change a policy which has produced such great results? Why not adhere to it and outgrow it? Then, again, I want to say that our tariff has given us, in all probability, nearly twenty-five per cent., if not more, of our present population. One-fourth of the people that inhabit this country were born abroad, or their parents were. Shall we ship our agricultural products three thousand miles to a market, rather than continue the policy that makes a market at the doors of our farms and factories?

The CHAIRMAN. But the most important fact before this committee is that we have in this country a large amount of unemployed labor.

Mr. WALKER. A man might just as well hang himself because he had a boil, as to talk about changing our laws or institutions because the country has a local ache just now.

The CHAIRMAN. What remedy are we to take for this surplus population?

Mr. WALKER. Let them alone; that is the remedy.

The CHAIRMAN. You think they will take care of themselves?

Mr. WALKER. Let them alone. "The man who will not work shall not eat."

The CHAIRMAN. Men say that they cannot get work to do.

Mr. WALKER. They lie, and they tell the truth—both. That is true of individuals. It always has been; it always will be. It is a melancholy fact, a fact to touch the heart of any living being, to see a man with his wife and children depending upon him, honestly asking for work, and unable to get it.

Mr. RICE. Are there not some in that condition now?

Mr. WALKER. There are thousands of people in that condition to-day.

Mr. RICE. What should we do with them?

Mr. WALKER. They must be cared for now, as they have been in the past for a very brief period. We are nearly over this thing. We are decidedly on the other side of the trouble. In twelve months' time, in my judgment, you will not see a man who uses any discretion in seeking it, who will not have work enough to support himself and family. But the government, as a government, can do nothing by any additional laws.

The CHAIRMAN. Is not the first object of a protective system to afford an outlet for labor?

Mr. WALKER, It has done it most wonderfully.

The CHAIRMAN. You say that the government can do nothing; but it has done something.

Mr. WALKER. Certainly; I firmly believe that in this August, 1878, there are not so many people seeking employment as there were in any August between 1840 and 1850.

The CHAIRMAN. I think I can confirm that statement. My recollection is that there was great difficulty in getting employment during that time, and yet we had what was then the highest protective tariff we ever had, the tariff of 1842.

Mr. WALKER. I did not allude to the tariff of 1842 or 1846. I meant to say any ten years not affected by war. I have heard the question discussed as to the effect of this or that measure, but the great fact stands out that this country's manufactures only came by the tariff, and that where we have a thousand men to-day, there would not have been one-quarter so many if there had been no tariff. Of course there is no man who can certainly prove or disprove this theory, for it is one of those things that never can be settled, but I believe all the facts sustain it.

The CHAIRMAN. I have asked you these questions for the purpose of getting at the strongest possible arguments that can be brought out for the tariff. I have been accused of not being willing to allow that side to be heard. The special purpose of my

questions to you has been to get the matter presented in the strongest possible way; and I hope I have removed that reproach from myself at least. I never heard the question in favor of the tariff presented more strongly than it has been presented by you to-day.

Mr. WALKER. I did not know that I was to be asked any questions upon the tariff, until Mr. Rice told me last night that I probably would be.

The CHAIRMAN. I have been denounced in the *Evening Telegram* as a well-known protectionist; so that you see that I have done my duty well on that side, too.

Mr. WALKER. I think that you have tried to do it on the other side also. That my opinion of the present tariff may not be misunderstood, with your permission I will say that I think the United States revenue laws and regulations now need a very thorough and careful revision in the interests of American commerce, agriculture, and manufactures. This work should be thoroughly divorced from party politics, and committed to a commission composed of seven individuals, two of whom should be selected at large, and one from each of the five leading industries of the country. The five last-mentioned members of the commission should have that thorough and practical knowledge of the written and unwritten laws, the conditions of successful trade and manufacturing, extending to the minutest details, which only comes from a life-training in the successful prosecution of the business they severally represent. Such a commission has the sanction of success in other countries, and I believe it would unanimously report a bill to Congress that would there command the support of all parties.

Mr. RICE. There has been a complaint made about prison labor. Have you had any experience in employing convict labor? If so, state the result to the employer. Is it an unfair competition against ordinary outside labor? State whether convict labor affects unfavorably honest labor.

Mr. WALKER. Convict labor is related to and comes in competition with other labor just as machinery is related to the labor which it is designed to supplant. That is, if you have a thousand men absolutely idle, and you set them at work and they produce a given result, they stand with relation to all the rest of the community just the same as so much machinery producing that result. Every convict must either support himself by labor or must be supported by taxation; and I suppose that, in this day, no one will dispute that taxation ultimately falls upon labor and is taken from the results of labor. Now, either these convicts must labor to support themselves or some other man must labor to support them. Leaving all humanitarian questions out of the problem, they are simply thinking machines. That is all that there is about it. Their labor does not unfavorably affect other labor any more than machinery does; and there is just the same reason for occupying convicts, who would be otherwise idle, that there is in employing machines.

Mr. RICE. I suppose you have convict labor in Massachusetts. Can you compete fairly with your neighbor who has not such convict labor?

Mr. WALKER. I had used convict labor five or six years without carefully determining whether it was to my advantage or not. Subsequently, I had a contract for three years more, and I carefully kept the figures. The apparent advantage to me was $1,500 a year; but when I took into account the quality of the work, the damage that came from it, and the inconvenience of employing convict labor, I thought that, on the whole, I lost a sum nearly equal to the apparent saving.

Mr. RICE. Then you do not think that convict labor bears unfavorably on other labor?

Mr. WALKER. The letting of convict labor is by contract. Anybody who chooses can bid for it. I think that there was $2 lost where there was one dollar gained by the employment of convict labor until quite recently. Up to the time of the war, I think that nearly every man who had contracts for convict labor lost money upon them. Certainly nearly every one in our trade did. But during the period affected by the war several parties made considerable sums of money on them.

Further questions were submitted to Mr. Walker, to which the following answers were returned in writing.

Question 9. What was the cause of the panic?

Answer. The abuse of credit, the activities called out by the war, and the issuing of paper money produced a delirium of enterprise, or, perhaps, more properly speaking, manufacturing and trading activity, which has revealed with remarkable distinctiveness and power the law of compensation, which governs in all things. The abuse of credit is what has brought upon both Europe and America the commercial revulsion of the last few years, aggravated there, as here, by inflation of the currency. Credit became as cheap as dirt. As every dollar of our circulating medium must be redeemed by one of intrinsic value, so every promise must be redeemed by doing the thing promised. Destroy confidence in the ultimate redemption of either, and it is itself destroyed. The people suddenly awoke from their delusion, and we had the panic. That, for all any of us can see, things might have gone on ten years more as they had done for the ten years preceding 1873 is certain; but that the longer the day of settlement was put off the more suffering it would cause is equally clear. We are settling our accounts for a

new departure, is the meaning and whole meaning and cause of the panic. It was and is no "panic," but a rational adjustment of affairs; it is a simple settlement of balances; the adjustment of bankrupt promises. This period of settlement involves the happiness of all classes, without exception, but has fallen with crushing force on that class who have heretofore been capitalists. There is and has been no destruction of property; the country has actually increased in wealth and power during the last four years, but the amount of property distributed in the interest of the mass of the people, and substantially to them, is immense, almost past comprehension. I estimate the losses to holders of what is known as first-class securities, such as first mortgages, &c., to be fully 10 per cent., and of all other so-called securities and stock 40 per cent., and on real and personal property of 33⅓ per cent. On the government debt the holders have practically lost about 20 per cent., for the holders of government bonds could do nothing else with the money paid them other than reinvest it in 4 per cents. They have practically surrendered a 6 per cent. bond for a 4 per cent. bond, the 4 per cent. bond being worth to them in income one-third less than the one exchanged for it. If any are disposed to question the correctness of the assertion that a very large part of this immense sum has been distributed, let them reflect that probably one-third of it represents the wages paid laborers for building and equipping railroads; public improvements in towns, counties, and cities; houses in cities and towns; the improvements in farms, &c., causing a large increase in all the trade and industry in the country for the time being. The accumulations of the abused bondholders was parted with for these evidences of debt before 1873, and the money then went into the whole circle of the industries of the country, and the destruction of the bonds and other evidences of debt there leaves it never to be collected. Take a railroad costing one hundred millions, built to transport coal, the net receipts on which must be kept up to seven millions to meet the interest on its cost. Each ton of coal that is carried over it is taxed in the form of freight, which is paid by the consumer. In the universal settlement of balances, or the general settling of value, which ever term we may select, the railroad now stands at 20 millions, the net receipts now need be only $1,400,000 to pay the same rate of dividend, and the tax on a ton of coal to the consumer, in the form of freight, is perpetually reduced four-fifths which, to the laboring man as to others, is the equivalent of investing to his credit, a sum sufficiently large to pay this difference in freight on his coal, and so on through the whole list of evidences of debt that have been destroyed.

Question 10. Are we to have these panics in the future as we have had them? Can they be avoided?

Answer. Nothing will prevent "panics" until human nature is radically changed. Their comparative severity will increase with advancing civilization, unless the disposition to protect themselves from times of sickness and panics by saving a portion of their earnings is more universal among the people than it now is. They bear with equal severity upon all classes, though many individuals escape. The laws and institutions of the country can no more be adjusted to them than they can be to the condition of yellow fever. Furthermore, the absolute necessities of man, or their cost, do not increase, they relatively decrease; while the advance of society is shown and measured by the increase of the comparative necessities and luxuries enjoyed by the mass of the people. Furthermore, these things increase the dependence of each man's comfort and happiness on that of all others, as witness the almost endless division of labor, which is to go on increasing indefinitely. Hence, when consumption begins to fall off, the circle affected by it is larger and more complex in each succeeding decade. The only thing that will delay them or alleviate their severity, is to instruct the mass of the people through the agency of the public schools the necessity of personal savings, and in the fundamental laws of money and trade, and in the history of past commercial revulsions.

Questions 11 and 12. Can all unemployed find work, and what shall we do with them?

Answer. Taking into consideration the fact that many of them are wrongly placed, and also their mental and moral condition, probably not. But thousands upon thousands who are now idle might find work if they would accept it at the price of the actual benefit their work was to the person employing them. Again, while many thousands of them are most reputable people, there are still many thousands more whose violation of every condition of comfort and happiness forbids the sympathy of every well-wisher to the community. The best interests of all concerned demand that they be separated into as small bodies as circumstances will admit of and as many as possible sent into the country.

Questions 13 and 14. Shall we assist them where they are? Is it not the duty of the government to aid them?

Answer. Nothing is so destructible to the moral fiber as charity. It never should be bestowed on any man in sound health if it can be avoided. Certain kinds of governmental assistance can be safely given. When any man becomes a public charge, he and those dependent upon him should be transferred, when practicable, to the place of his legal

settlement, the certainty of which would stimulate to exertion. When this cannot be done, they should be fed, clothed, sheltered, and cared for, as are laborers in building our railways, and put on some public work. No man in sound health should ever be allowed anything excepting in return for honest work, and the fact that no one will give him work and pay that will support him, should, as a rule, be conclusive evidence that his labor is worth no more to the public than his shelter, food, and clothing. Every city, every county, and every State ought to project public works to be done by such persons, and every healthy man who cannot support himself should be compelled to work upon them until such time as he can himself find work.

Questions 15 and 16. How about supply and demand? Will not supply exceed demand, especially in these days of labor-saving machinery?

Answer. No, not in ordinary times. Taking a given period (in the history of this country of about twenty years), production and consumption will equal each other. Civilization is the increasing of rational wants by fully supplying those we have. A want supplied actually creates a dozen more; and our rational wants, and the labor necessary to supply them, are as illimitable as human progress. No assistance men can command from labor-saving machinery, or from any other source whatever, will enable them to outstrip their demand, or can be detrimental to their interests, and least of all to manual laborers. Absolute necessities are relatively less and less. Comparative necessities and luxuries are rapidly increasing, and must inevitably increase. They are the exponents and substance of social progress. They are not in themselves superfluities, any more than are the higher branches of mental training. Probably more than nine-tenths of the work of the wage class is done in producing things not absolute necessities, and nearly all of that done by other classes. No reflecting, candid man will assert that there is any one of the myriad occupations, excepting those which pander to the vices of men, that does not perform its share in the work of social progress and is not for the good of all. No injury comes to any one by money being spent in luxuries by those having the capital to purchase them. Quite the opposite is true. The trouble comes from men spending in them the capital of others; that is, living beyond their income. The money thus spent comes out of capitalists. Not a dollar can be taken from any other. Of the many billions of losses during the last five years, every dollar falls on the capitalist class, and the wage class only feel the burden in its lessening the ability of capitalists to continue to employ them.

Question 17. What, in your judgment, is the fact about the poor growing poorer and the rich richer, and the relative positions of the two extremes of society, as compared with the past?

Answer. I believe the exact opposite to be true, relatively and absolutely. The distance between the extremes of society was never so little as now, and in this country the extremes of society, saving the drunken, the vicious, the feeble, and the willfully idle, is scarcely appreciable. In Europe the different classes are divided by abrupt ascents, which may be likened to a flight of stairs, which a man shall try to ascend, each step to be four feet high and wide. He must have acquired a tremendous momentum to rise from one step to the next, and so on. In this country we are all, without exception, on an inclined plane of very gradual and easy ascent, and we are all constantly passing and repassing each other, none of us having any fixed position.

We take, from day to day, such a place as we are able to obtain for the time being. In practice we find that those who were apparently among the last in their beginning are first at the ending.

It is not only a fact, that cannot be contradicted, that every place here is open to every man alike, but it is literally true that nearly every prominent place in the government, in science, in professional, mercantile, and manufacturing life, and every other so-called higher position, is now filled by those who began by earning their living by the labor of their hands, or their fathers did if they did not, and their children or grandchildren will return to the class of hand-workers. The history I have given of the *personnel* of the trades with which I am connected is substantially the history of all the trades and professions in the country.

Question 18. Is it practicable to make the employés in any way partners in manufacturing, or to give them a share of the profits?

Answer. I have never been able to do so, and have not known of others successful in doing it. To the common mind the percentage of profits of manufacturers (to the capital employed) are suspiciously small. Furthermore, they wish their earnings in their own hands immediately. In the winter of 1869, after a protracted and severe struggle between the boot and shoe manufacturers of Worcester, and a combination of operatives, I made a great effort to induce all persons in my employ to become interested in the results of our business, which utterly failed. The basis upon which I proposed to divide was upon the cash capital employed, counting out all the plant, and no compensation to any member of the firm. Each person leaving any of his wages in the hands of the company, to draw such a percentage of the profits as his capital bore to the whole capital. Not one below the position of foreman was willing to

practice the self-denial necessary to benefit his condition, and no argument I could present would induce them to try the experiment.

One of the largest shoe factories in Worcester tried to interest their workmen in their business on a different plan, which was to divide one-quarter of their net profits among the workmen who were in their employ at any time during the year long enough to earn $50 for women, $100 for men. The object of the dividend was to induce them to be saving in the use of the material given them to work into the goods, and also to do better work. This experiment was continued six years. The dividends to each employé were made in the proportion which the amount he had earned bore to the whole amount paid for labor during the year.

For 1868, $3,036 82 was divided; rate $1\frac{2}{10}$ per cent.
For 1869, ... no money made.
For 1870, 7,078 17 was divided; rate $4\frac{1}{2}$ per cent.
For 1871, 4,299 44 was divided; rate, 3 per cent.
For 1872, 9,119 73 was divided; rate, 5 per cent.
For 1873, 5,501 96 was divided; rate, 3 per cent.

29,036 12 total amount divided.

It was found to be impossible to convince the workmen that the dividends were honestly made. They thought they ought to be many times larger. The common remark was, "They made more money than this shows." "They get it out of us in some other way," &c.

When the attention of the workmen was called to any waste of material made by them, and that one-quarter of it would come out of them, with very few exceptions it made absolutely no impression upon their minds. The usual reply was, "O, that's so small it don't amount to anything." Except for the little time intervening between declaring and paying the dividend, it had no perceptible influence. It could not be seen by the company that it was any benefit whatever, either to them or the workmen as a whole, but rather a source of suspicion and annoyance to all parties.

Question 19. Can a State, by legislation, restrict the hours of labor of its citizens and control the conditions under which it is performed to its own advantage or that of the class it seeks to benefit?

Answer. No State can shorten the hours of labor by itself alone. If the mills of Massachusetts are restricted by legislation to running ten hours, and those of Rhode Island run eleven, the only result of enacting such laws would be to drive capital from Massachusetts to Rhode Island, or of their being a dead letter on the statute-book. I think the hours of labor in all factories, and the conditions under which it is performed, should be under the most rigid control of the State, whether done by men, women, or children. The Constitution of the United States confers power upon Congress to "lay imposts on foreign commerce, and to regulate trade between the several States," with power to enforce these provisions by appropriate legislation. Whatever is necessary to be done to protect any man or class of men in any portion of the country in their natural rights from the oppression of any commercial custom or habit incident to the prosecution of the trade that extends beyond the borders of the State, Congress has a right to do; as it has done, by the enactment of a tariff, to protect our artisans and laborers from falling into the degrading condition of European laborers. To enact that and to prevent the mistaken enterprise of working factory operatives thirteen hours in one State to undersell in sister States the labor of people restricted by a humane public sentiment, or the compulsion of the law, to working eleven hours, will be found constitutional, and the time will inevitably come when the right will be exercised by Congress. I do not believe in unlimited and unrestricted competition.

Question 20. Would you extend the supervision of the State to their tenements and the schooling of their children?

Answer. I think the law should compel every man using or offering for rent a tenement, factory, or place of resort, to keep it in good sanitary condition in every respect, with wide passages and fire-escapes, in the interest of public health and safety. They should be so arranged that they can be used without the occupants being forced to offend common decency. Any place failing in any of these respects should be put in proper order by the public officers, at the expense of the owner.

Education should not only be at the public expense, but also compulsory to the limits of the grammar schools. Half-time schools should be maintained in all factory communities, half of the children working one-half of the day and half the other, to the end that the first and great object of the founders of this country, and its most intelligent and valuable immigrants, may not be defeated, which was the making of the highest order of men rather than money. The wealth and power of this nation trace directly to the determination of its founders that manhood should be the first, and almost the only, object sought. Wealth and power have followed as naturally and inevitably as day follows night.

Question 21. Is it practicable for the government to assist laborers to become land-owners and farmers?

Answer. I think that scheme one of the most impracticable of the long list of proposed remedies for the inevitable. The wages of agriculturists, including the income of small farmers, is not half that of average mechanics, excepting cotton and woolen operatives, and as it is a question of wages more than of work, the average chronic beggar for work would only be insulted when, being upon his land, he learned the abstinence practiced and work done by small farmers. So-called charity is very largely responsible for the apparent helplessness of thousands, who, conscious of the fact that some one will feed them, make no real, determined effort to feed themselves. Helping them in the way suggested would only aggravate their helplessness.

Question 22. Which is for the best interest of the workmen and the public, work done by the day or piece?

Answer. In all work that it is practicable to do by the piece, labor is very much more efficient and of a better quality, when so done. I suppose piece-work covers contract work also. Contractors are self-appointed foremen, or directors of labor, with a capital in hand that guarantees the efficient direction of the labor required and excellence of work. If anything else is got, it is the sole fault of the inspector, whether the principal be the government or an individual. Piece-work contributes to the independence of the workman, and secures for him a more just compensation.

Question 23. Ought the government to impose what is known as the income tax?

Answer. All taxes are income taxes, and are and must be paid from incomes, and nothing else. It is a recognized principle that the same thing shall pay but one annual tax. If a man has received one hundred dollars, or one hundred thousand, he either has it or he has spent it. If he has it, he is taxed for it as property. If he has spent it, it is not destroyed; some one else has it and is taxed for it as property. If he has it, it is both income and property, and he is doubly taxed. Attempting to tax a man because he has had a thing, but has it not now, is one of those exercises of arbitrary power clearly prohibited by the Constitution, and repugnant to every sense of right. Again, attempting to do so is one of those acts that are the most corrupting to public and private morality that the government can do. The very existence of a man's business, in a very large number of cases, depends upon his security in the possession of the secrets of his methods, which are as much his invention and property as those of the author, which are secured to him by copyright, or the ideas of the mechanic, which are secured to him by patent, and a man will fight for them as for his life. The bread for his mouth and for his children depends upon them. In defending himself he defends the best interest of all other men from the attempt of the government to violate a natural right secured by the letter and spirit of the Constitution. All taxes on persons who are strictly capitalists, that is, men who only draw interest or rents, and do no business (and of which there is not one in this country where there are hundreds in England), is purely and simply double taxation—taxes being collected first on their property, out of the income derived from it, and then another tax is collected on what income the government has not already taken in taxes. Again, has not Smith as good a right to have five thousand dollars as his neighbor, Jones, and shall the government put clogs upon and hinderances in the way of Smith's honest effort to get what it protects Jones in having? Taxing Smith, who has not so much property as Jones, in excess of Jones, is putting the money Smith earns into the hands of Jones. When the government puts a tax on Smith's two thousand dollars, because he has saved it this year, and does not tax Jones's five thousand dollars, because he earned it ten years ago, it actually takes exactly five-sevenths of Smith's tax and gives it to Jones to add to his three thousand dollars he already has in excess of Smith's capital. But the great injustice of the income tax is most clearly seen in its effect upon the laboring classes in discouraging enterprise. It is for the interest of the wage class to have as many different industries and as many employers as possible competing for their labor. To a new industry, or a man beginning in business, secrecy is absolutely necessary to success. A revelation to the public of his success turns the eyes of all men upon his enterprise, and enabling those stronger in capital and credit to rob him of the result of his skill in discovering and supplying the wants of the consumers, by taking the business he has just built up, after years of struggle and sacrifice, out of his hands, just as it begins to be profitable, and in many cases the bread out of the mouths of his children. From my experience in business, and my knowledge of the practical working of the late income tax, I do not hesitate to say that the damage done to the business of the country by the attempt to enforce such a tax would be a hundred-fold more than the government could possibly collect by it.

Question 24. Is it for the advantage of the mass of the people that men should be discouraged by special taxation, or in any other way, from accumulating large masses of capital?

Answer. It would be injurious to the best interests of the wage class to discourage in any way the accumulation of capital. Capitalists, and large masses of capital under one management, are absolutely necessary in the economy of civilized society.

This necessity must inevitably increase with human progress. The masses of men are more and more indifferent to the residence of the title to capital, but demand more and more to share in its use. Every dollar that Vanderbilt put into railroads obviated the necessity of other men doing it, and left their capital for other service. Every dollar Astor puts into houses, stores, and other improvements in New York, leaves other men free to use their capital in developing other interests. Capital is the servant of the whole community. It is its essence and definition. The masses use the capital in the community every time they use anything represented by it. Capital is interchangeable with labor. Every man who lives in civilized society governed by impartial laws equally uses and enjoys both, and is helped by them in proportion to their volume and his capacity.

Question 25. What rate of interest have borrowers of undoubted credit had to pay on money during the last three years, and would an additional issue of paper money by the government benefit the manufacturer, the wage class, or anybody in the community?

Answer. To borrowers of the highest credit the rate of interest per annum is from 1 to 2 per cent. on call. Our own notes have sold at the rate of 4 to 5 per cent., and notes with our indorsement for 2½ to 3½ per cent. In view of the rate of interest in business centers being scarcely double the rate of taxation to all who can give ample security for a loan, and the indisputable fact that large amounts of capital cannot find profitable employment, it is inconceivable, were not the fact before our eyes, that any man can honestly think an increase of redeemable paper money, much more irredeemable, can favorably affect business or any other interest in the country, and least of all the wage class. The wage class is the creditor class without exception. If any issuing of paper so-called money is made by the government, not a dollar of it can reach the hands of any one of them in any conceivable way, except in payment of wages, or by distributing it pro rata. The honest workingman, who is now receiving gold or its equivalent, would receive a poorer money, and his wages would be reduced thereby to just the extent of the issue of paper money. The debtor classes are in fact the so-called capitalists, holders of real estate, manufacturers, merchants, bankers, &c., including all of those known as middlemen. All property in the country, as a rule, is held on margins, represented by notes, bonds, mortgages, &c., which can only be paid by passing the money that is to cancel them through the hands of the laboring men in the shape of wages very many times. It is the class owing these notes, bonds, mortgages, &c., and only these, whose burdens will be lightened by the issue of any more paper money, and at the expense of the laborer. The inevitable effect of such an issue being to lessen wages, it would be the class whose income was in the form of wages that would soonest and most severely suffer. Because capitalists see and know that in the end all classes would be brought down in a common ruin, is why they oppose irredeemable paper money. From their study and experience they know that the money of any people is simply and only a measure of value, and must necessarily measure other values by its own intrinsic value, or the intrinsic value of that which it represents. Forty men or forty millions of men in combination have no more power to change this fact than any other fact in nature. They may be able to make themselves believe they have changed it, and for a time act upon that belief, but the fact will remain, and be forced upon them in time to their utter sorrow.

Question 26. Complaint is made of the existence of merchants, brokers, commission-men, lawyers, &c., &c., so-called non-producers. Can they be dispensed with? We ask you as a practical man and an acknowledged producer having no personal interest in the class known as middle-men.

Answer. We know from our experience that these persons handling the products of labor between the factories, the shops, the mines, and the farms, and its owners while in their custody, are as necessary and as inevitable in the process of exchanging and distributing to the consumer the results of labor as are the men who carry the simplest products of the rudest industry to the village store, or the wagon on which they are drawn, or the railroad over which they are transported. Every one of the persons who are engaged in the business of collecting and distributing the products of industry, whether called merchant, trader, clerk, bookkeeper, or by any other name, is as necessary to the wage-class as the pick, the shovel, the plow, the engine lathe, the loom, the steam engine, or any other contrivance to make labor more effective. The broker who assists in the holding of the products of industry, from the day they are ready for use until they are needed for consumption, the lawyer who adjusts honest or dishonest disputes between individuals or corporations, the physicians to cure our diseases, and so on, are as necessary as are the men who hold the plow or sow the seed, and every man doing any work of value is as much a producer. Any men in the above-mentioned classes may abuse their power and become robbers or swindlers by making what are called "corners" or in other ways, as may any man or combination of men in the wage-classes by depriving their fellow-men of the chance to do honest work or by stealing their wages. As human nature now is, the necessity of the man who offers himself to the public as the distributer of any article, having a large pecuniary inter-

est in his success in placing it in the hands of the consumers, is as absolute as any law of nature. Again, the office of the "middle-men" cannot be performed by salaried agents, beginning at the point when things are ready for the consumer and until they reach him, for there is no such thing as a fixed price for anything. All values are relative, and the actual or nominal price of everything but gold, by which all values are measured, is as variable as the weather. Again, when there is no disturbance of relative values, were that conceivable, the thing itself increasing or decreasing in value by age and a thousand other agencies, personal accountability to a principal is impossible, and the personal gain or loss of the seller is the only possible safeguard to the public.

Question 27. Please state from your long and intimate association with the mechanics, business men of Massachusetts, your large experience as an employer, your observation of the practical workings of her political institutions, and business and social customs, what are the means and methods by which men there obtain positions of influence and power, as compared with those proposed by the socialists; and whether anything more can be done by legislation than is being done for the wage class.

Answer. In conjunction with other States, she might enforce her present laws as to the hours of labor and many other things in the interest of workers in some of her factories; but I can conceive of no more just and happy social condition than her laws and institutions are framed to establish. In this respect I suppose she does not differ materially from her neighbors.

I do not think socialistic labor reformers can have carefully examined and reflected upon the principles upon which our political and social institutions and customs are founded and administered. Every man holds every dollar of his property, his liberty, and even his life, at the will of the people. The state commands her sons to face death, even, when the safety or interests of the whole community demand it. I do not think any socialistic communities could exercise this great power any more thoroughly and justly than it is now done. The state owns and enforces her claim upon every dollar of the property in the hands of her citizens, even though it be invested in other states. Knowing that capital is as necessary to labor as labor to capital, she encourages in every just way her citizens to accumulate capital, and allows every man the largest liberty in controlling and disposing of so much of his savings as society, in its aggregate action, does not absolutely need for its immediate use. Believing that it is immaterial in what particular hands the title to capital resides, the people allow those citizens who have demonstrated their capacity to best manage accumulated capital for the public good by saving it to control it. She allows so much as she does not immediately need to remain in their hands, and further allows them to appoint its depositories at will, under her supervision.

The state guarantees to every person comfortable shelter, clothing, and food; and performs her promise in this respect with a lavish expenditure. Again, the people not only elect who shall administer the public law in their interest in this and every other regard, but there is rarely a man in any business position who is not absolutely elected to the position he occupies by the most wise and just law of selection that human ingenuity can devise. In all places the man who is designated by his fellow-workmen as a leader, by the respect and deference he wins from them by his character and skill, is made foreman in his department. His executive ability securing him the leadership over the foremen in other departments, he is made general superintendent, and finally becomes a manufacturer or merchant himself, in competition with his former employers for the suffrages of his fellow-men, in the form of their purchasing his products rather than his former employers'. If he commences to manufacture boots or shoes, every pair of his goods purchased by the consumer in preference to others is the most tangible expression possible of the purchaser's opinion that he should continue in his office as a manufacturer. If enough are of the mind of the first purchaser to keep him employed, he continues in his office, and if enough to supply the demand were before in the business he adopts, some of them are retired by the people who give his goods and others the preference to some subordinate position. That man or combination of men who show a special aptitude for anything, or, in other words, prove that they can do it cheapest, are retained in the specialty they have chosen by the constituency they have appealed to. This is true of every position in the socialistic community of Massachusetts. There is not a man in any position from governor, senator, alderman, councilman, merchant, manufacturer, foreman, or employer of any kind, even to the man who removes the night soil from the city sinks, who is not there because the constituency he serves have by their action appointed him to his place. It is equally true that every place of every name and nature is only held by its present occupant until another convinces his constituents of his ability to better fill it. That there are occasionally men misplaced in positions that another would better fill is doubtless true, but not one where it is popularly supposed there are hundreds. By the present mode of securing the service of the people as a whole, in any other capacity than that of a journeyman, a man is required to give a guarantee of his capacity to do so, in the form of more or less capital accumulated by him-

self. Again, capital, general ability, a thorough knowledge of the demands of the markets, and even complete familiarity with the process of production gained by large experience, will not enable a man to start any business which shall be successful at first; everything is a growth, and must inevitably submit to the adversities typified by the diseases incident to childhood. The owners and employers in a successful manufacturing establishment who are in responsible positions, from the head to the man who has charge of the least important part, have found their places by natural selection, and have as it were grown into each other, and now form a homogeneous mass of mind moving with one impulse.

They have grown up with the growth of the enterprise, and are a part of it, holding their positions by a tenure little less permanent than the positions themselves. The manager, compelled, selects his agents with impartiality, his success depending upon having each place filled by the man best qualified for it; and usually the man in whom at first he least expected to find the capacity is his foreman, and ultimately his competitor.

Again, however numerous or however able the members of a firm or corporation are, there must be some one of their number whose mind is the guiding power, and from whom there is no appeal—whose word is law.

This impartiality is inevitable, for each man must conquer his place in every department of life. It is not in the power of another to give it to him. Any attempt to "place" and keep any man in any position that he has not won by a power inherent in himself must result in failure.

The results of the trials and sufferings, both of body and mind, incident to the struggle are a part of the very fiber of his being, and are necessary to his development. There is, and can be, no other path of usefulness, honor, or happiness.

All experience proves that the happiness of the individual and the progress of society depend upon the independence of the individual and the freedom of all to fill any political offices, exercising any social power, or govern in any business when his fellow-citizens call upon him to do so by any of the manifold ways in which men express their preference for one man above another.

Modern socialistic schemes are at war with all human experience. They assume that all men are equally honest, industrious, and frugal; that cheerful, patient, persevering industry is the normal condition of men. That system would deprive the people of the power to freely decide who should fill every position in life, as they now practically do, substituting for it the methods of politics. Whatever attempts may be made to explain modern socialism, as in harmony with individual liberty, and as promoting the best interests of all classes of the people, the fact remains that it is the parent and supporter of those tyrannical combinations of men who are attempting to increase their own wages at the expense of their fellow-workmen. There can be no conceivable reason or justice why one man should receive any more for a day's work than another, or do any work rather than another, excepting that the person wishing the work done freely pays more for the services of the first than the second could be had for.

There is no reason why a day's work upon the land should not command as much pay as a day's work in the shop, excepting the proved capacity of the worker in the shop to produce in the day that which his fellows decide is worth the larger compensation. And the worker in any shop who, by combining with his fellow-workmen, or by any means whatever, hinders the worker upon the land from producing anything in the shop or elsewhere, in competition with his work, is to just that extent an oppressor of his fellow-men.

All combination of men to prevent any other men from doing anything in competition with themselves is a clear violation of the fundamental law of liberty and of right. Such action endangers the life, abridges the liberty, and destroys the happiness of the men combined against, and should meet condign punishment, sure and without mercy.

VIEWS OF MR. ALANSON W. BEARD.

NEW YORK, *August* 27, 1878.

Mr. ALANSON W. BEARD appeared before the committee by invitation. He stated, in answer to questions by the chairman, that he is now collector of the port of Boston, and that previous to his appointment as collector he had been for the last 25 years engaged in the manufacture of clothing.

The CHAIRMAN. Are you familiar with the conditions by which capital and labor associate themselves together for production?

Mr. BEARD. I suppose so.

The CHAIRMAN. Has your business and your official position led you to consider the present depression in business and the causes of it?

Mr. BEARD. I have thought of it, as most citizens do. I have made no specialty of the subject.

The CHAIRMAN. Have you an opinion as to what are the causes, proximate or ultimate, that have brought about the present depression in business?

Mr. BEARD. As to some of the causes I have. There are a great many causes that have entered into it.

The CHAIRMAN. State such as occur to you, and which you deem important to be stated.

Mr. BEARD. I think that the immediate cause can be expressed almost in one sentence—extravagance on credit; extravagance not paid for; extravagant expenditure in private affairs and in business enterprises that were on credit.

The CHAIRMAN. In other words, we have been consuming what we did not own or did not pay for?

Mr. BEARD. We have not only had a very large expansion of credit, but there has been an extravagant expense on credit. An extravagant expenditure that is paid for helps business, but an extravagant expenditure that is not paid for goes clear back to the producer.

The CHAIRMAN. In other words, you mean that individuals have been spending money which they did not own?

Mr. BEARD. Yes; they have been expending means which they have obtained on credit very largely.

The CHAIRMAN. Do you mean domestic means or foreign means?

Mr. BEARD. I was applying it more particularly here to domestic means.

The CHAIRMAN. You said that the expenditure of means which a man owned produced prosperity in business, whereas if he did not own what he expended it did not produce prosperity. Does not the expenditure of means which a man does not own produce precisely the same effect on a community as the expenditure of means which he does own?

Mr. BEARD. Not if he does not pay the party from whom he obtained the means. A good deal has been said in the discussion to-day about capital; but, in all the enterprises of the country and in all employments, it is credit and capital combined. There is a foundation of capital and an addition of credit in all manufacturing business; and if the expenditure of capital in business is so extravagant as to exhaust the capital, then the manufacturers owe for it, and the men to whom they owe suffer, and the failure of the last debt goes clear back to the original credit. There were a good many causes that produced the apparent prosperity following the rebellion. One was the great consumption by the government. There were a great many causes that produced the high price of labor and the present glut of labor. The first effect of the war was to take away a large part of our labor from the North and South. A vast amount of the labor went into the Army, and a vast amount of it was killed off and destroyed. The government (as governments always do) wasted more than it consumed; and the waste by the government made up for the loss of consumption which would have taken place if these men had remained at home as employers and producers. It stimulated manufactures and made labor scarce. Before the rebellion a large portion of our foreign emigration (especially German and Swedish) went beyond the cities and settled upon the public lands. These emigrants brought a little money with them, and became agricultural producers. The effect of the demand for labor during the war was to stop that emigration from going to the West and from settling on the public lands. The emigrants stopped in the cities, and the demand for labor was such in this country that it stimulated emigration; but the emigrants stopped in the large towns and cities. When the reaction takes place, the labor in these large towns and cities is unemployed. There is still a demand for labor in the agricultural region—a very large and unsatisfied demand.

The CHAIRMAN. You are aware that between the close of the war and the present time there was a period (from 1869 to 1872) when there was an enormous demand for labor, absorbing not only all the men who came from the Army, but also a very great emigration at the same time (which demand was not due to any Army consumption or waste).

Mr. BEARD. When the war ended and the Army came home, there was a very large body of men who were entirely destitute of clothing and of everything that a man wears. These men were soldiers and had soldiers' uniform. These men (especially those that came from the North) were discharged with more or less of their wages in their possession, and they needed refitting and reclothing. That gave a great stimulus to business. It was that which prevented, in a measure, that decline in the price of goods which would have followed the close of the war and the fall in the price of gold. That decline of prices which should have naturally taken place was prevented by the demands of soldiers who were released from the Army and who had the means to pay for what they wished to buy. Then there was another element which entered into the causes that prevented the reduction of the prices of goods that year. We had a very peculiar summer following the end of the rebellion—a very dry summer. The streams throughout New England were generally dried up so that mills did not run nearly their full time and production was limited, notwithstanding the increased de-

mand. That, of course, stimulated the demand for more goods. The profits of business made a period of speculation, which we always have once in a generation anyhow, even if there be no extraordinary cause to produce it. But goods began to fall in 1866. There was a great reduction in the prices of woolen and cotton goods. But the reserve capital which manufacturers and traders had accumulated through 1864 and 1865 (and especially 1865) supported them, and the decline in prices of goods operated merely as an exhaustion of that reserve. I think there is generally an erroneous idea as to the state of manufacturing and mercantile business in the country when the panic of 1873 took place. So far as I know, the mercantile and manufacturing business of the country was (considering the times) on a very sound basis when the panic of 1873 broke out. That panic began with the failure of the Northern Pacific Railroad Company, and was followed by the failure of dealers in stocks, especially in railroad stocks. There was scarcely any failure of mercantile men or manufacturers for nearly a year. The failures were almost all of them in the cases of railroads, or of persons connected with railroads, or of speculators in stocks during the years 1873 and 1874; but in the fall of 1874 manufacturers began to fail and merchants began to fail.

The CHAIRMAN. The collapse from the speculative era brought down the prices of everything?

Mr. BEARD. Yes, and stopped the consumption; especially the Western consumption.

The CHAIRMAN. But the reserve capital was sufficient to carry the merchants and manufacturers through until 1875?

Mr. BEARD. The last of the year 1874 was nearer the limit. They began to fail very badly in December, 1874, and the failures resulted disastrously. There was a great deal of loss.

The CHAIRMAN. Then the general depression was due to the collapse in the speculative era, which was essentially a railroad speculation.

Mr. BEARD. It had its highest development in railroad enterprises.

The CHAIRMAN. What you call an expansion of credits?

Mr. BEARD. Credits were more largely expanded in railroads and in those interests connected with railroads than in anything else. There was, besides, an immense expansion in real estate and an extravagance in building real estate, principally in the large cities and towns. You have had that experience in New York as well as we in Boston. Then there was an immense reduction of active capital by the two fires in Chicago and Boston which was not made up by the safeguards of insurance companies.

The CHAIRMAN. That would not make any difference, so long as property was destroyed.

Mr. BEARD. Yes; but the active capital that develops property and employs labor and promotes industry would have perhaps remained more active in business if it had not been lost in that way. For instance, when a man with $200,000 capital is in business, occupying a store for which he pays $7,000 rent, that is $200,000 of active capital. But the failure of his insurance companies, on which he depended, reduced that capital one-half, leaving him only $100,000. The store is burned as well as the occupant's capital. But the store could be replaced after the fire, because the land was security and the building itself was security, and it was easy enough to get the store rebuilt; but the half of his capital (or perhaps two-thirds in some cases) could not be replaced.

The CHAIRMAN. But if the insurance companies had not been insolvent and had paid the amount of insurance, the money would have been taken from some other place of investment?

Mr. BEARD. It would have been more equally distributed. The stockholders of the insurance companies and the merchants would have met the loss together, instead of (as it did result) the stockholders losing all and the merchants too. Insurance companies were expanded as well as the railroad companies.

The CHAIRMAN. So far as the community at large was concerned, it was a loss of so much property?

Mr. BEARD. But if the whole amount of capital is invested in stores, in large cities like Boston, New York, and Chicago, it ceases to be active capital. It is simply used for building purposes and does not promote business in the stores thus built.

The CHAIRMAN. Were those fires prior or subsequent to the panic of 1873?

Mr. BEARD. They were prior to it. The Chicago fire was in 1871 and the Boston fire in 1872.

The CHAIRMAN. Then how do you account for the enormous surplus of capital which seems to have followed the collapse? for capital became very abundant and has remained very abundant since 1874.

Mr. BEARD. Do you mean unemployed capital?

The CHAIRMAN. Yes; available capital, which a man can go and borrow.

Mr. BEARD. The man who had capital and who had saved it did not choose to invest it again in business until he saw some little probability of safety. The practice of business men very largely (commencing in 1870) was to retire from business with

their capital and to buy mercantile paper. A good deal of capital was invested in business, not at the risk of business, but as a creditor.

The CHAIRMAN. But somebody else whose paper was sold must have been engaged in business.

Mr. BEARD. Yes; but that somebody else who sold his paper did not have his capital in business at the risk of business; and, when the stringency came, he could not control his business and live through it, as he might have done if that capital had been in the business as a partnership capital. If the man to whom he owed the money had been his partner, sharing the risk with him, the business could have been better protected and sacrifices avoided.

The CHAIRMAN. That would hardly explain the general abundance of capital which followed the collapse. There has been, from that time to the present, a large abundance of capital available to solvent bidders. Now the destruction of all this property by the fires should have reduced the amount of floating capital available to bidders; and that was not the fact.

Mr. BEARD. The destruction of that capital prevented the development of business very much; or, rather, it changed the position of the men doing business. Capital did not develop so much until since 1873–'74. When the panic of 1873 took place money was at a very high rate. It was at a high rate all through the fall. That was one of the consequences of the destruction of capital in those fires. I do not suppose that business men ever before paid such high rates for money for twelve months continuously as they paid in 1871, '72, and '73 up to the time of the panic, and the result of the collapse was the same as in 1857, that the price of money went down, and that capital became plenty. The same result follows all collapses that are caused by an expansion of credit. Capital is always plentier after everybody has failed and doesn't want to borrow money than it is when business is good and people want to borrow.

The CHAIRMAN. Is not that because business is paralyzed and therefore the capital required to carry it on is not so large?

Mr. BEARD. Certainly.

The CHAIRMAN. The volume of business, I understand, has recovered; but it has not gained so rapidly as the increase of capital has; and, therefore, capital still remains abundant.

Mr. BEARD. I think that the volume of business throughout the country is, as a whole, increasing. My own business has so changed in its relations that it is impossible to predicate results upon the clothing business of our city or of the clothing business of this city. Before the war there was scarcely any clothing manufactured (except what the village tailors made) west of the city of New York. Cincinnati was doing something, but Chicago was manufacturing nothing. Now all the large Western cities are manufacturing clothing, and you cannot now, as you could then, predicate on the business of New York and Boston any general opinions as to the clothing trade. At the same time, taking Boston in 1860, when it had the whole West for its market, and when it sold goods to every State in the West, and had a very large trade with the Southwest, there was not so much capital employed there then, nor so many dollars' worth of goods sold, as there will be in 1878. Notwithstanding that we are confined to a comparatively small area, and almost wholly to New England, still the consumption of clothing manufactured in Boston is larger now than it was in 1860, before the war.

The CHAIRMAN. Do you account for that by some change in the habits of the people? Do they buy ready-made clothing now more than they did formerly?

Mr. BEARD. They dress better.

The CHAIRMAN. Is it because clothes are cheaper or because people are better able to dress well?

Mr. BEARD. I think that the goods are cheaper. There never was a time when the laboring man could clothe himself so comfortably, on so little money, as he can to-day.

The CHAIRMAN. In other words, the purchasing power of wages, so far as clothing is concerned, is as great now as it was in 1860?

Mr. BEARD. I think it is greater. I doubt if there is any country in the world where a man can buy the same quality of clothing, for wear and looks, for so little money, as he can in this country.

The CHAIRMAN. Then the conclusion from your statement is that the laboring classes are actually able to spend more money for clothing now than they were in 1860?

Mr. BEARD. If any one will compare the wages in almost every business in 1860 with the wages in 1878, he will not find much, if any, decrease; in most cases an increase.

The CHAIRMAN. How is it in the manufacture of clothing? Does a tailor earn more money now by the week than he did in 1860?

Mr. BEARD. The manufacture of clothing is entirely changed now from what it was then. Then there was very little machinery used in the manufacture of clothing. Now it is made a great deal better than it was then.

The CHAIRMAN. Does an operator in clothing make more money now by the week than he did in 1860?

Mr. BEARD. The wages, as compared with 1860, would show an increase rather than a decrease. Compared with 1870, they would show a large decrease.

The CHAIRMAN. But the price of everything which a man buys with his wages would also show a great decrease since 1870?

Mr. BEARD. Yes; but you must recollect that the price of woolen and cotton goods has been decreasing from 1866 to 1873, notwithstanding the extension and expansion of business.

The CHAIRMAN. That was due to the introduction of machinery, I suppose?

Mr. BEARD. We were accumulating, all that time, a surplus of labor. We had an exhaustion of labor by the war; but we were accumulating a surplus of labor, especially in the large cities and towns, not only from emigration (which was so abundant and which stops in the large cities and towns), but from the young men in the country (more than the young women) coming into the cities and towns seeking mercantile employment, more than anything else. There is now a greater percentage of men of mercantile training out of employment than of any other class; and there is less hope for that class, because they are very largely men of middle age, and are past the age when capital is freely tendered to them, and they have very little show of getting any other work.

The CHAIRMAN. You do not see how we are to make provision for that class of people?

Mr. BEARD. I do not see much hope for them. Take another branch of labor—a very large branch too in this country—which I have not heard mentioned here to-day and have not seen noticed in any reports of the proceedings of this committee—domestic labor, servants in families. The wages of that class are almost double what they were in 1860, so far as my experience in concerned. And there is no corresponding expense on their part, because the clothing used by that class is as cheap to-day as it was in 1860, if they confine themselves to as small an amount, and they are furnished board and lodging.

The CHAIRMAN. Then there is no suffering among the women who are willing to take service in families?

Mr. BEARD. I presume not, and so far as I know, if you go into the agricultural portions of the country and want female service in a family, it must be brought from the cities.

The CHAIRMAN. Is there a great reluctance on the part of Americans (men and women both) to engage in household service?

Mr. BEARD. I should presume that there was. Labor has changed somewhat in that respect. When I first commenced to have a shop and to make my own goods, my female help was largely American and from the provinces—Nova Scotia and New Brunswick. Now it is almost entirely foreign, or of foreign parentage. American female labor seems to be as averse to the shops as it is to household service.

The CHAIRMAN. Where does the American female labor find its outlet?

Mr. BEARD. It stays at home.

The CHAIRMAN. And does nothing?

Mr. BEARD. It attends to the family. There has been some talk to-day (not much) about the hours of labor, and I have thought a great many times that if government (I do not mean the National government, for it is hardly its province, but the State government) would concern itself about the homes in which the laborers live, and about the sanitary influences under which they live, rather than about the hours of labor, it would be better for the working people and for the general community. I was brought up on a farm, and I know something about a farming community. I can recollect when thousands of young women, of the section in which I lived, would go to Manchester and to Lowell and work in the factory until they were able to pay off the mortgage on the farm. I can recollect when they supported their magaziñes, and at the same time worked 13 hours a day; but then they boarded in the corporation boarding-houses under strict regulations, where they had to be in at a certain hour, where the food was good, where everthing was healthy, and where the moral tendency was better than it is to-day; and then there were less instances of loss of health, and less suffering than there is to-day with the shorter hours of labor and with everybody living where he or she pleases. The laboring people in manufacturing cities live in very different homes now to what they lived in twenty-five years ago.

The CHAIRMAN. Then, if I understand you, there has been, instead of an advance in the condition of the laboring classes, a movement the other way?

Mr. BEARD. There has been a change in the *laboring classes*. Twenty-five or thirty years ago the laboring classes in the factories were American; they came from the farms. Their sojourn in the manufacturing districts was temporary. As they came home and got married, somebody else took their places in the factory. But the laborers whom we have been employing recently have come from abroad, and while they have advanced beyond what their condition was on the other side of the water, still

their system of living is entirely different from what prevailed in the manufacturing towns before.

The CHAIRMAN. There must be some good reason for this class driving off the other class. Is it that they do the work cheaper?

Mr. BEARD. They would not have been employed if they did not work cheaper.

The CHAIRMAN. Then goods are produced cheaper in consequence of that?

Mr. BEARD. Yes.

The CHAIRMAN. The community at large gets its supplies cheaper?

Mr. BEARD. That class came because they were needed; but that necessarily produced this surplus of labor which we have to-day in the large cities and towns. Do not understand me as objecting to this emigration. But, now that the necessity for it does not exist to such a great degree, it must seek new avocations. My point is, that there is still room for this labor, and more of it than we have now, in the agricultural sections.

The CHAIRMAN. In other words, there is room enough in the country for all the unemployed labor, but the labor is badly distributed, and stays in places where it should not be?

Mr. BEARD. That is it exactly.

The CHAIRMAN. How would you meet that difficulty? Can you propose any government agency to relieve it?

Mr. BEARD. No further than the provision which this government has already liberally made, in allowing settlement on the public lands.

The CHAIRMAN. You would not undertake any system of colonization?

Mr. BEARD. Not by means of government agents. Societies can do that, as in the case of Kansas. I know certain ecclesiastical bodies that are carrying out that plan now, to a considerable extent, and are moving quite large communities to the Western lands and forming whole townships.

The CHAIRMAN. If individuals, working for wages, are frugal and intelligent, is there any impediment in the way of their finding a chance to rise in life, now, any more than there was when you were younger?

Mr. BEARD. That depends somewhat on where they are located. I think that they have got to break away from where there is a surplus of labor. I do not think that a young man has the same chance who comes from the country to-day, in New York or Boston or any other large city, that he had twenty-five years ago.

The CHAIRMAN. Is it that it takes a higher order of capacity to succeed in a dense population than in a new and sparse population?

Mr. BEARD. I would not say that; but there are only a certain number wanted, and the surplus man who does not get the opportunity has no chance to show what his capacity is.

The CHAIRMAN. Are there not a great many persons to-day in Boston and New York emerging from what may be termed the average ranks of employment and coming into wealth, just as much now as ever?

Mr. BEARD. I have no doubt of that. I have no doubt there are as large number as there were twenty years ago, but not so many as were apparently doing it ten years ago.

The CHAIRMAN. In other words, you do not find that fortunes are any more readily continued in families now than heretofore in this country?

Mr. BEARD. What Mr. Walker said in regard to his business in Worcester is peculiarly so in the case of my own business. I do not know any man who has been successful in our business who did not begin as a workman or as a salesman, and work his way up. It is impossible for an outside capitalist to come into the business and make money out of it without combining practical experience with his capital.

The CHAIRMAN. And this process of success in business is going on now as it always did?

Mr. BEARD. Yes.

The CHAIRMAN. Is there any special grievance which people without means have to complain of now which they did not heretofore in the history of the country have to complain of?

Mr. BEARD. I do not know that there is. I think that the revival of business has been very much delayed because of the uncertainty as to what legislation was going to take place, especially with regard to the currency. It was somewhat delayed last year by the uncertainty with regard to the tariff.

The CHAIRMAN. Your opinion is that the agitation of changes in legislation is an unfavorable element in the recovery from depression?

Mr. BEARD. Yes; anything that involves a radical change.

The CHAIRMAN. You would recommend, in changing the tariff, moderation, and small improvements and amendments, not a radical, revolutionary change?

Mr. BEARD. I would. I do not think that the tariff can be successfully amended (without destruction to the business of the country) by any radical change. I think that the tariff must be managed with reference to particular interests, and that changes

must be gradual. I think that there should be common sense applied to it instead of abstract theories.

The CHAIRMAN. Do you think, from your knowledge of the importation business of the country, that the number of articles on which duties are assessed can be largely reduced? In other words, can you increase the free list with advantage and thereby get rid of great complications attending the collection of duties?

Mr. BEARD. My own theory would be that raw materials should be admitted free, and that the protection should be to labor rather than to raw materials. But I have not given the subject enough attention to go into it in detail.

The CHAIRMAN. The great trouble is to get the definition of the words "raw material." For instance, a man making cutlery insists upon it that bar steel is his raw material, and therefore he objects to any duty on bar steel; whereas the manufacturer of steel insists that pig-iron is his raw material, and he wants the duty on steel instead of on pig-iron. The pig-iron man, on the other hand, insists that ore is his raw material, and he wants the duty taken off ore. But the ore miner wants protection against the foreign producer of ore. This is the practical difficulty which we have to face all the time.

Mr. BEARD. I think that the agitation of the tariff has not been so detrimental to the revival of business as the agitation of the currency. I think that capital has been more alarmed at the agitation of the currency; and that the danger of radical change there has done more than any other cause to prevent the revival of business. In order to revive business we must have capital, enterprise, and credit conjoined, and the man who has capital must have confidence before he is willing to give credit or to put his capital with another man's enterprise. That lack of confidence as to what a dollar is to be worth has done more than any other cause to prevent the revival of business. Something has been said about the morals of the people. I agree with Mr. Walker as to the general standard of morality of our people. At the same time I do not think that the national Congress, or a great many leading members of the national Congress, are doing much to promote that feeling of morality. When they teach that the nation need not pay its debts, or that it can clip off a portion of them, it is not a great stretch of logic for the individual to argue in the same way as to his debts.

The CHAIRMAN. You think that the proposition that the government shall pay its debts with legal-tender notes not redeemable would be a violation of good faith?

Mr. BEARD. I think it would be a violation of good faith, and I do not see how it could be done at all.

The CHAIRMAN. Suppose that the government calls in all the six per cent. bonds that are outstanding and offers to give legal-tender notes for them?

Mr. BEARD. Nobody is obliged to take the legal-tender notes.

The CHAIRMAN. But suppose the government says, "Here is what we will give you for your bonds; and if you will not take it, we will pay no more interest on the bonds; sixty days hence interest on all the six per cents. will cease."

Mr. BEARD. That is supposing that the government will violate all obligations of public faith and all Constitutional obligations.

The CHAIRMAN. It is alleged here that those six per cent. bonds were payable in lawful money (lawful money being at that time legal-tender notes) and that therefore the government has a right to redeem them in lawful money (that is, legal-tender notes). What is there to be said on the other side of that question?

Mr. BEARD. Everybody at that time considered the legal-tender notes simply as a forced loan justified by the exigencies of the war, and they expected that the government would pay those notes or fund them in good faith just as soon as that exigency passed away, and as the government had the ability to do so.

The CHAIRMAN. That is, that "lawful money" really meant the money of the Constitution—gold and silver—and nothing else?

Mr. BEARD. Yes; it meant what was a dollar at the day the note was printed.

The CHAIRMAN. You spoke of confidence. Did you mean by that confidence on the part of the capitalist that he would get back a dollar of fixed and certain value?

Mr. BEARD. It is hard to explain what is meant by confidence. There are times when men are all willing to engage in business and to put capital into business; and there are other times when they shrink back and will not do anything at all.

The CHAIRMAN. When it is uncertain in what value a man's capital is to be returned to him, would he be apt to have confidence?

Mr. BEARD. No, sir. Then there is another feeling which most men have. They feel that values are certainly (merchandise for instance) at as low a point as they could possibly reach in case we had come to a sound and substantial specie basis; and they feel that the moment that result is accomplished, when the currency is on a sound basis, and when there is no longer a doubt as to what a dollar means, everything will begin to move forward.

The CHAIRMAN. Can we increase the currency and at the same time maintain its relative value to gold?

Mr. BEARD. I think that the quality of the paper has more to do with the value than the quantity.

The CHAIRMAN. What do you mean by quality?

Mr. BEARD. The disposition and power to make that paper good in gold whenever that gold is demanded—good in the recognized standard of the world.

The CHAIRMAN. In other words, there must be redemption in gold in order to inspire faith?

Mr. BEARD. There must be the fact that you can have the gold for the paper if you want it—not that every man wants the gold at all.

The CHAIRMAN. Then an increase in the quantity would interfere with that faith—that a man could get gold for it when he wanted to?

Mr. BEARD. I think that, with our banking system as it is now, the currency is perfectly good, and that all that the government needs to do is to make its own promises good, and the national-bank currency will take care of itself. As an illustration of that, take the banks of our city (and I presume it is true also as to the banks of New York) and you will find that the banks of Boston have only about half the circulation which their capital allows them to have. If it were profitable for them to have a large circulation, or if there was any demand for more currency, they would issue as much circulation as the law allows them: but they now only issue about one-half. They have about twenty-five or twenty-six millions of circulation, whereas their capital would allow them somewhere about fifty millions.

The CHAIRMAN. If business were to revive, would there be more currency wanted?

Mr. BEARD. Then the banks could put more of their capital into bonds and get more currency.

The CHAIRMAN. It is said here that there is great injustice to the community in the fact that the banks draw interest on their government bonds, and that they also lend their notes to the people and get interest on them, thus getting interest twice on their money.

Mr. BEARD. The best answer to that is the fact which I have just stated, that whereas the Boston banks are entitled to fifty millions of circulation, they have only taken out twenty-five millions. If circulation were so profitable, why would they not take out more?

The CHAIRMAN. What they have got out is profitable to them?

Mr. BEARD. The banks are surrendering it. The currency is being contracted, so far as the national banks are concerned. The government does not pay any more interest on its bonds because they are owned by the national banks than it would pay if they were not owned by national banks. Then the government derives revenue from the banks—one per cent. on circulation, and a certain tax on deposits, &c. The fact that the banks hold these bonds costs nobody anything. The banks put up those bonds as collateral security; but, suppose that they could put up as security mortgage bonds, railroad stock, or anything else that was just as good a security, the interest on those collaterals would go to the owners, just as in the case of the government bonds.

The CHAIRMAN. But this is the allegation: that if the banks can keep up this amount of circulation, the government should do it; and that, therefore, the banks should be required to retire their notes, and that the government issue a corresponding amount of notes and with those notes buy up the government bonds; and that thereby a corresponding amount of interest would be saved.

Mr. BEARD. In the first place, the banks are compelled to keep the means of redemption. The *onus* of redemption is on the banks, not on the government. If the government issued notes redeemable in coin at the will of the holder, then the government must undertake the expense of keeping the means of redemption constantly on hand. The government would be then a grand bank of issue and redemption. I would have the national government divorced from business. I would not have it meddle with business any more than is absolutely necessary.

The CHAIRMAN. Would you have the government retire the outstanding greenbacks?

Mr. BEARD. I think that it will be a long time before the government can retire its present greenbacks, after it has got to the point of redeeming greenbacks whenever gold is demanded.

The CHAIRMAN. When the greenbacks are redeemed, and when they come in, would you have the government reissue them or cancel them?

Mr. BEARD. My own idea is that they should be canceled. I do not believe in the government having obligations out. I do not believe in a rich and prosperous nation issuing paper money.

The CHAIRMAN. Why should not a government (inasmuch as the people must have a currency, and inasmuch as a certain amount always floats in a community) issue that amount of money, so as to save interest?

Mr. BEARD. The government is no more entitled to the profits of the capital of the country in the shape of money than it is entitled to the profits of the capital of the country in the shape of clothing or of boots or shoes.

The CHAIRMAN. That is hardly a parallel case. Here is a fact—that a certain amount

of paper money will float in a community without redemption. That is not due to the operations of any one man, but is due to the operations of the entire community. It is alleged that there is a profit in that transaction, and that the government should avail itself of that profit. I am trying to arrive at some good reason why the government should not do it. You merely answer that the government should not have anything to do with business at all. Is there a Constitutional objection to it?

Mr. BEARD. The principle being admitted that the government should make a dollar good at the will of the holder, it becomes merely a question of economy and expediency whether the government can do it better than individuals can do it. Now, what is the general experience of the government in that regard when it takes hold of business matters? Does it execute them more economically than individuals do, or does it waste money? to say nothing about corruption or about the increase of Federal patronage. It is only a general obligation as to expediency. The government stands in the relation of trustee to the people, holding a collateral security which makes every national-bank bill good for its face. The government holds that security with a margin. If the bank fails, there is not only the original bond there securing the currency, but there is 15 per cent. additional in the government hands. The government holds 15 per cent. of security to make good whatever expense may attend the redemption of this bank currency.

The CHAIRMAN. But still that rests upon the faith of the government and upon its ability to pay its bonds; and why should not the government's obligation to redeem its notes be as good as the obligation of the banks?

Mr. BEARD. I admit that it is as good. It is only a question of economy.

The CHAIRMAN. It is said on the other side that there would be interest to be saved on two hundred and fifty or three hundred millions of bonds now deposited by the banks, which interest would amount to twelve millions at 4 per cent., or to eighteen millions at 6 per cent.; and it is said that it would not cost any considerable portion of that twelve or eighteen millions for the government to do this work, and certainly it would not.

Mr. BEARD. The government gets 1 per cent. on national-bank circulation; and it also gets a tax upon the deposits of banks; and it charges all expenses of redemption for which this 15 per cent. is held. One great objection made to national banks to-day is that they are not taxed. The men who make this objection forget that they are taxed in the reduced rate of interest which they now get on their bonds; that there is a tax upon the national-bank currency, and that they are also subject to local State taxation. In our State that taxation averages about 1¼ per cent. Suppose a bank with half a million of capital and three hundred thousand dollars circulation. It has put up three hundred and thirty thousand dollars of bonds out of this capital, and it is taxed on its whole half million of capital; so that the public is receiving in local taxation the taxes on the amount vested in the bonds the government holds as collateral same as any other property. The local governments would lose all this taxation if banking went into the hands of the government.

The CHAIRMAN. Is there anything to prevent the government from imposing the tax up to the point where there would be no longer any interest in circulating the money?

Mr. BEARD. There is nothing to prevent it, except the old adage about people "killing the goose that laid the golden egg."

The CHAIRMAN. You could make it unprofitable and then it would cease.

Mr. BEARD. Yes. Withholding the interest is simply taxing to the amount of the interest.

The CHAIRMAN. On the other theory that the government is to issue the paper, it would then depend upon the action of Congress how much paper would be in existence, would it not?

Mr. BEARD. Yes. You asked me what objection there would be. That would be one objection. As the system is to-day, it is automatic; it regulates itself. If more currency is wanted capitalists will put up the bonds and get the currency; if less currency is needed, they will surrender the currency and take back the bonds. But if the government had charge of it the amount of currency would depend upon the vote of Congress, and sometimes there might be too little currency and there would be no way of getting more except by a vote of Congress; and, again, on the other hand, public clamor might make Congress vote an undue amount.

The CHAIRMAN. You think it would not be judicious to leave it to the discretion of the Secretary of the Treasury how much currency should be out?

Mr. BEARD. Yes. To-day the government does not issue the currency; it simply guarantees it. I am talking about the national-bank currency, not the greenbacks. Individuals issue the national-bank currency and the government guarantees it. The check on those individuals in issuing the currency is that they must redeem it in greenbacks or coin, and they have to put up the security on it. There is that check upon them. Upon the vote of Congress there would be no check except the popular will.

The CHAIRMAN. You think, then, that the redemption which might be provided for

government issues as proposed would not be sufficient to preserve the currency at par with gold?

Mr. BEARD. I do not say that. I think the preserving it at par with gold would depend on the good faith of the country, up to that time when the expansion was so great that they could not redeem. The tendency would be to too great expansion.

The CHAIRMAN. And you think it would sooner or later get beyond the power of the government to redeem in gold?

Mr. BEARD. That would depend on the wisdom of Congress.

The CHAIRMAN. It would be left to the wisdom of Congress, and if the people who wanted more money, as they say, were able to elect their Representatives, the thing would be done.

Mr. BEARD. Yes; there would be no restriction as there is to-day on individuals in issuing currency.

The CHAIRMAN. Banking then would rest upon popular suffrage?

Mr. BEARD. It would rest upon the will of Congress.

The CHAIRMAN. That is the result of popular suffrage?

Mr. BEARD. It might be the result of misdirected popular suffrage.

The CHAIRMAN. Yes; but directed wrongly or rightly we have to go according to the will of the majority.

Mr. BEARD. We have the silver legislation by the will of Congress and it does not show the results that were expected. It is found impossible to circulate that silver among the people, and if it does get paid out it immediately comes back for customs; all of it that is legal tender for customs goes back into the vaults.

The CHAIRMAN. Then that is an illustration of the effect of yielding to the popular demand, because there was undoubtedly an overwhelming popular demand for that silver legislation (I suppose every member of Congress was conscious of that fact), but the popular judgment is not always sound about matters of finance.

Mr. BEARD. Now, with regard to the national-bank system, there is another point which comes in, which tends to regulate it. The system is called the national-bank system, but there is no national bank. It is open competition, the same as in my own business, the boot and shoe business, or any other. The price of money is regulated by the competition between the men who have money to lend. To-day the borrower who has good security has the advantage, as you know, in all the mercantile centers. The supply is greater than the demand. That point would be in a measure met in case the government furnished the currency and redeemed it, because banking of deposit and discount would be carried on the same as it is now. But here another view comes in. Supposing that the national banks do find it profitable to have the security which they put up for the redemption of their notes drawing interest, that it is a source of profit and helps to pay expenses; if that source of profit is taken away from them the borrower has to make it up in an increased rate of interest. Capital never furnished itself to the community without getting fully paid excepting in times when there is an excess of capital over the demand. My idea is that a bank must have a certain amount of profit to pay expenses and to pay for the use of its money. Now if it gets 1 or 2 per cent. from the legitimate employment of its security pledged as collateral for the redemption of its notes, that has a tendency to increase the competition in banking and to reduce the rate of interest to the general public, and if you cut off that source of profit the banks will look for it somewhere else.

Mr. RICE. It is constantly asserted in the newspapers and in other publications, and even before this committee, that the banks have derived enormous profits out of special privileges; for instance, as high as 60 per cent. per annum. Is there any conceivable method of banking except speculation with capital that could bring about such results as that?

Mr. BEARD. You know that free banking was established when everything was so expanded in price that it required a great deal more money than it does now, and the banking system was, till then, a monopoly, but now it is not.

The CHAIRMAN. There was a limit to the amount.

Mr. BEARD. There was a limit, and the country banks did not have the check of redemption upon them that they had under the old State-bank system. I know when I was conducting business in Vermont, before I came to Boston, the competition among the banks to keep their bills in circulation (which they had to redeem at the Suffolk Bank in Boston) was such that it made them very obliging to the public. After the establishment of the national-bank system, and before free banking was established, there was a while when the country banks had things all their own way. They absorbed all the loose capital of the community and named their own prices for money, or rather, their own rate of exchange, and it was very oppressive to the people, and there was legitimate cause of complaint for some years before free banking was established.

The CHAIRMAN. But you think free banking has remedied that, by promoting competition.

Mr. BEARD. Yes.

The CHAIRMAN. Then that grievance belonged to a system that has been perfected by legislation?

Mr. BEARD. Yes.

Mr. THOMPSON. Since you have spoken of what you call the immorality of paying bonds in greenbacks, will you explain, if you please, in what the immorality consists in paying a bond that simply calls for current funds in the currency of the country?

Mr. BEARD. That would necessitate going into the argument of the whole question, which has been argued over and over again.

Mr. THOMPSON. I do not speak about the policy of it, I speak about the morality of it.

Mr. BEARD. The question, you know, was argued fully, and Congress, by a solemn vote, in 1869, decided what the bonds should be paid in, and no matter what the understanding was in the first place, a new obligation was created at that time.

The CHAIRMAN. And a large amount of the bonds have changed hands since then on the faith of that renewed obligation.

Mr. BEARD. And the new bonds which have been issued have certainly been issued with the understanding that they were not to be paid in greenbacks.

Mr. THOMPSON. Of course I mean keeping the volume of currency within the limit established when the law was passed. But suppose the government has greenbacks to-day in the Treasury to redeem a bond that calls for a thousand dollars, without saying whether it shall be gold, silver, or greenbacks, where is the immorality in redeeming that bond in greenbacks?

Mr. BEARD. If I owed you a note to-day for $500, and offered you in payment a multitude of smaller notes of $10 each, you would not think that I had paid my note for $500.

Mr. THOMPSON. Why not?

Mr. BEARD. Because I would not be giving you anything but my paper.

Mr. THOMPSON. If I owed you a thousand-dollar bond, dated since the passage of the greenback law (or before it, which makes the case stronger), couldn't I pay it to-day legally in greenbacks?

Mr. BEARD. Provided you gave that bond to be paid in greenbacks.

Mr. THOMPSON. Provided that was the law. An individual can pay his debts in greenbacks where the contract does not specify the kind of money. Why shall not the government be allowed to do the same?

Mr. BEARD. The government does not accept greenbacks for its customs duties.

Mr. THOMPSON. I am not speaking of the customs. I am speaking of the government redeeming its debts or changing the form of its debts.

Mr. BEARD. I cannot go into that question at this time, because it is one that has been thoroughly argued, and Congress has decided it. Every man who invested in those bonds expected that they would be paid in gold.

Mr. THOMPSON. What right had he to expect that?

Mr. BEARD. It was the universally accepted feeling of the people and the declaration of Congress.

Mr. THOMPSON. That declaration was long afterward.

Mr. BEARD. Yes; after the people had had time to reflect.

Mr. THOMPSON. Yes; but in the bond itself, is there any guarantee that it shall be in gold?

Mr. BEARD. If I give a note to pay so many dollars, I do not guarantee to pay it in gold.

Mr. THOMPSON. No; and that is my point. Where the government gives a bond to be paid in "lawful money" at a certain time, without specifying the kind of money, and when in fact, at the time the bond was issued, legal-tender was money, where would be the immorality in redeeming that bond in legal-tender?

Mr. BEARD. Legal-tender was made money only partially. The government discredited it as money for its own purposes, the payment of duties.

Mr. THOMPSON. It was made money for all purposes except for the payment of duties on importations.

Mr. BEARD. The government has never passed a solemn act saying that legal-tender is money and shall be considered as money. It has only said—and that is a point of doubtful constitutionality, and it requires, report says, the reorganization of the Supreme Court to secure the decision—that it is legal tender for debt.

Mr. THOMPSON. After all, doesn't it become a judicial question and not a legislative one, what kind of currency the bond is payable in?

Mr. BEARD. The common honesty of the country found voice in the declaration of Congress in 1869, that it was payable in coin, and that the public faith required it to be paid in coin; and the sentiment of the country, just so far as it argues the other way, becomes demoralized, and some of our legislators, I am sorry to say, have lent their aid to demoralize the country upon this question.

Mr. THOMPSON. Then you look upon it not as a legal obligation but as a moral one?

Mr. BEARD. I look upon it as a legal obligation *because* it is a moral one.

Mr. THOMPSON. But there is nothing in the bond about gold, greenbacks, or currency.

Mr. BEARD. I speak of the common understanding.

Mr. THOMPSON. But the common understanding is not the contract. The written paper is the contract.

Mr. BEARD. Well, that looks to me a good deal more like a quibble than a sound argument.

Mr. THOMPSON. Don't you know the other fact, that those bonds were purchased with greenbacks in ninety-nine cases out of a hundred?

The CHAIRMAN. They were issued sometimes for iron.

Mr. THOMPSON. Now, why should not it work both ways? If a greenback will buy a government bond why shouldn't it redeem a government bond?

Mr. BEARD. When the greenbacks were issued the people believed that ultimately the government would redeem them. When the bonds were issued the people believed that they would be like the bonds of other countries, redeemable in what was considered money throughout the commercial world, and not in something which, by a forced interpretation that dishonesty might suggest, might be called money. That was the understanding, and the common honesty of the people found expression in the act of Congress passed afterward, and the issuing of new bonds and the pledging of the public revenue in gold for the payment of interest.

Mr. THOMPSON. I admit that whenever the bond recites the kind of money it is to be paid in it ought to be paid in that money, but I understood you to go a little further and to intimate that silver should not be introduced as currency.

The CHAIRMAN. He did not intimate that. He simply stated, as a matter of fact, that the silver has not been able to get into general circulation.

Mr. BEARD. I do not object to silver as currency. I simply say that silver worth 90 or 88 cents on the dollar does not circulate among the people.

The CHAIRMAN. The bond is made payable in "lawful money." I take that bond to the Treasury and ask its redemption, and they give me a thousand dollars in greenbacks and say, "That is lawful money." I say, "All right." I take my greenback, and I find upon it, "The United States will pay to bearer $1,000," and I go back to the Treasury and say, "Pay me $1,000." What was meant then, and now, and all the time by the words "one thousand dollars" printed on that greenback?

Mr. BEARD. The common interpretation of that would be that it meant a thousand dollars according to the commercial standard of the civilized world.

The CHAIRMAN. It could not have meant a piece of paper which merely had that promise on its face, because if it did mean that the paper would have said "This *is* one thousand dollars," which it does not say. It says the government *will pay* one thousand dollars. Now what were the only dollars known to the Constitution?

Mr. THOMPSON. Greenbacks.

The CHAIRMAN. That was the promise the first time that the greenbacks appeared. The first greenback ever issued had on it a promise to pay one thousand dollars. What dollars must have been contemplated?

Mr. THOMPSON. Does not that show that it is a legal question and not a legislative question at all?

Mr. BEARD. It is a political question.

Mr. THOMPSON. You told us awhile ago that the popular will ran counter to morality?

Mr. BEARD. Questions between the government and the people as to the good faith of the government in dealing with the holders of its obligations must be political questions. The holder of an obligation of the government stands an unequal chance. The government has all the power in its own hands, and the question whether it shall treat him fairly must be a political question. My definition of a political question would be that which Charles Sumner gave years ago in accepting the election for United States Senator, namely, that politics is simply morals applied to public affairs. Now is it right or honest for the government, because it has the power, to seek to evade its obligations?

Mr. THOMPSON. You assent to the proposition of the chairman that a bond which calls for $1,000 in lawful money can be paid, or may be paid, in the greenback, which promises to pay $1,000, omitting the phrase "in lawful money." Now, do you mean to say that the contract of the government was that a bond might be paid in greenbacks, and then a man might turn around at the same counter and insist that that greenback must be redeemed in gold—that that change in the form of the indebtedness carried with it such a change in the mode of payment?

The CHAIRMAN. How can you pay a man with a promise to pay? How can you pay a debt with a debt?

Mr. BEARD. What has been the practice of the government?

Mr. THOMPSON. I am not inquiring about the practice of the government; I am speaking of the morality of the question.

Mr. BEARD. I never owned a government bond in my life, and I don't know that I ever read one. I don't know whether they read "in lawful money" or not.

Mr. THOMPSON. Where they say "coin" they ought be paid in coin, of course; where they say "gold," in gold they must be paid. But are the obligations of the government any more sacred than the obligations of any honorable man?

Mr. BEARD. That is just the point I made in the first place, that the obligations of the government should be *as* sacred as those of an honorable man, and so far as the issue of the bonds is concerned, I say that every holder of them expected that they would eventually be redeemed in gold or its equivalent, and the government has no right to pay off its bonds in greenbacks any faster than the people are willing to accept those greenbacks for bonds; and when the government will honor its own promise—when it will make its dollar a dollar—then it makes no difference what it pays the bond in, because greenbacks will bring the gold.

Mr. THOMPSON. These bonds had about twenty years to run when they were issued. Now, was there any sane man in the United States who believed that the government at the end of twenty years would be able to redeem all those bonds in gold?

Mr. BEARD. Sane men expected that they would do just what they have done.

Mr. THOMPSON. That is not the point. Did any sane man believe that the government had or would have the ability to pay, dollar for dollar, those bonds in gold at any time within twenty years, or even within forty years?

Mr. BEARD. There is many a manufacturer in business who cannot redeem his obligations all at once, but he does redeem them gradually as they mature, and his credit is so good that if he does not wish to redeem them all at that time he can make new ones.

Mr. THOMPSON. That is not the point. You insist that the government must redeem according to the understanding. Now, I ask you, did any man who bought a government bond when they were issued, believe for a single moment that the government would be able to redeem all its bonds in gold at the expiration of the limit fixed in the bond?

Mr. BEARD. Men believed that if the government was preserved it would be able to redeem its bonds as fast as anybody would call to have them redeemed.

Mr. THOMPSON. Yes; but the government might not care to wait until people called for the redemption of the bonds.

Mr. BEARD. And as no necessity exists for the redemption of the whole, there is no plea of necessity to be made as to the right to pay in greenbacks. If it did not apply in the one case it does not in the other. If it does not do to say that everybody expected to be paid in gold, it will not do to say that the bonds must be paid in greenbacks, because the government could not redeem all in gold when due.

Mr. THOMPSON. The government agreed to pay a thousand dollars in lawful money, or legal tender, within twenty years, and the man who took the bond expected it would be paid in that way. Otherwise the government promised to do what it knew it could not do, because no man believed that the government could pay those bonds in gold in twenty years.

Mr. BEARD. Do you mean to have it understood that the government has a right to force me, holding a government bond, to take pay for that bond in greenbacks.

Mr. THOMPSON. Where the bond does not specify that it is to be paid in coin?

Mr. BEARD. Yes.

Mr. THOMPSON. Undoubtedly.

Mr. BEARD. Whether it is due or not?

Mr. THOMPSON. No; but where it is due. Assuming that greenbacks are lawful money, the government has clearly the right to pay that bond at the expiration of five years if it chooses to do it, and it is not a question of morality or a legislative question; it is a question for judicial power.

Mr. BEARD. I don't see that judicial power comes in at all. It is a question of the popular will expressed through the national government.

Mr. THOMPSON. No. I am trying to ascertain what the contract is.

Mr. BEARD. If the government chooses to take that ground I do not see that the bondholder has any remedy.

Mr. THOMPSON. You are assuming that the government would be both tyrannical and unjust; I am assuming that the government is seeking to determine what the contract is, and then to carry it out faithfully; and I say that the question what was the contract is a question for judicial determination.

Mr. BEARD. How many people would have taken those bonds with any such idea of the contract?

Mr. THOMPSON. Every man that did take them.

The CHAIRMAN. Suppose the bond paid off in that way, hasn't the bondholder received a promise of the government to pay him $1,000?

Mr. BEARD. But it is the promise of a government that has dishonored itself.

The CHAIRMAN. I understand that, but has not the bondholder a right to go to the

Treasury and claim $1,000 in gold? And, if so, did not that "dollar" mean a gold dollar at the time the bond was issued?

Mr. BEARD. Mr. Thompson's argument carried further would be that it meant a new promise which was to be paid by another promise, and so on *ad infinitum*.

The CHAIRMAN. That, of course, would be the *reductio ad absurdum*. What is the use of paying a debt with a piece of paper which means merely the same thing as the obligation that it pays off? Therefore, if Mr. Thompson's view is correct, and the government does pay bonds in greenbacks, it merely gives the man an obligation which entitles him to demand $1,000 in coin.

Mr. THOMPSON. Then what was the use of the act of 1875, which provided that greenbacks should be redeemed in gold after 1879?

The CHAIRMAN. For the purpose of fixing a time when the government would fulfill its obligation, which had been under protest all that time. They could not do it sooner, but they thought they could do it then. That seems to me the reason. Government said, "On that day we will pay you the gold and silver dollar that we were unable to pay when we were in trouble."

Adjourned to August 28.

VIEWS OF CHARLES WYLLIS ELLIOTT.

NEW YORK, *August* 28, 1878.

Mr. CHARLES W. ELLIOTT appeared before the committee, and stated, in answer to questions by the chairman, that he had been living for the past ten years in Boston, but is now a resident of Nebraska. While in Boston he was engaged in business for quite a number of years. He had established what was called the Household Art Company. He had also been engaged in manufacturing and importing a finer quality of household articles from Europe, and making them in this country. He was now raising horned cattle in the State of Nebraska. He was an agriculturist.

The CHAIRMAN. Have you had occasion, either as a matter of business, or of taste and inclination, to study the question of the depression in business and the causes which have brought it about, and the remedies which may be applied to restore a condition of prosperity?

Mr. ELLIOTT. That is precisely what I have been doing to a considerable extent, both in this country and Europe; and it is for that purpose that I ask the attention of the committee this morning for half an hour.

The CHAIRMAN. You may proceed in your own way.

Mr. ELLIOTT. The evidence which comes before the committee seems to vary very much according to the persons who give it, whether they are among the prosperous classes, or among the unprosperous classes. Just now the committee has been getting the evidence of the prosperous classes, and that evidence is much more favorable than it had been getting. If we are in a good state at present and moving forward to prosperity, that is one thing. If we are not, and if there is a great depression in business and in the labor maket, that is another question, and between these two, seems to me probably to lie something of the truth.

Mr. Elliott proceeded to read his views from a manuscript, which he failed to leave with the committee, but of which the following are the points:

1. Machinery and steam have worked an industrial revolution not less important than that worked by the overthrow of the feudal system. Society has not adapted itself to this revolution.

2. The productions of machinery being now more than the consumption, profits have ceased, and one of three things is inevitable; either part of this machinery must be stopped, or the hours of labor must he reduced; or, third, the production of a few laborers must be divided in some way among all those who do not work, as well as those who do labor.

3. Can any of these things be done except by society, acting through its legislatures?

4. As there is now a surplus population in most cities and towns, it is plainly desirable that this surplus shall be got upon the surplus lands, where they can at least get their own food.

5. If this is so, then it is plain that no more public lands should be given to railroads or to other corporations, as they have been so given to the amount of some hundreds of millions of acres.

6. As a railroad is practically a monopoly, is it not plain that the rates of carriage should be fixed by the capitalist, the producer, and the consumer, and not by any one of these classes? Is this not absolutely necessary to secure the public good? And can it be done except by legislative action?

7. As we have already a surplus of laborers in many parts of the country, is it wise to encourage a rapid immigration into the country? Is it not wise to discourage it?

and is it not absolutely necessary for self-preservation that pauper and criminal immigration, either from Asia or Europe, should be forbidden?

8. As society for the last five hundred years has been making laws for the collection and preservation of property, is it not becoming important to inquire what can be done to secure a fair and just distribution of property?

9. If, as many persons assert, "the rich are growing richer and the poor poorer," is not this leading to a dangerous condition for both rich and poor? and should not some steps be taken to counteract this dangerous tendency?

10. As one of the greatest evils of to-day has grown out of a dangerous facility for contracting debts, whereby taxes have become troublesome if not unbearable, will it not be wise to ask, "How can this evil be checked?" And may it not be best to make all debts "debts of honor," and therefore to be contracted only upon knowledge and character?

11. As the "drifting" theory of social organization has been tried and found wanting, will it not be well to try a government by the wisest and best, acting for the "public good," and not to further private ends?

12. As society is not yet perfect, must not Congress do its best to make it so?

In the course of the reading of Mr. Elliott's manuscript discussions took place between him and the members of the committee, as follows:

The CHAIRMAN. Are you aware that England is selling more goods to-day than at any previous period of her history?

Mr. ELLIOTT. I believe so.

The CHAIRMAN. Do you understand that stocks are being accumulated or being reduced in England?

Mr. ELLIOTT. I understand that they are being accumulated.

The CHAIRMAN. Then why is not this product sold, as a matter of fact?

Mr. ELLIOTT. When I was there last summer I was told by Manchester men that stocks were accumulating, and that every place was filled with them.

The CHAIRMAN. The London *Economist* says that stocks are being reduced; and that, so far as exports are concerned, the exports have steadily increased. Therefore what you have stated to be a fact is not so—that the demand in England is falling off. The demand is increasing.

Mr. ELLIOTT. Is that the testimony given by the *Economist*?

The CHAIRMAN. Yes; by the statistical returns.

Mr. ELLIOTT. That is not what I got a year ago.

The CHAIRMAN. The returns for the last year show an increase of trade in quantity (except as to iron and steel) but a reduction in value.

Mr. ELLIOTT. It is only a short time since that there were 30,000 operatives out of work and on strike in and near Manchester.

The CHAIRMAN. Yes; but they are at work again. That could not be set up as evidence that labor could not find employment. That was a case where people refused to work.

In regard to the question of wages the following discussion took place:

The CHAIRMAN. All the manufacturers that have been before us testified that they are paying larger rates than you name for wages, and I have just read a letter from Woburn giving the rate for labor there at $1.25 per day. Throughout the iron regions in Pennsylvania (where labor is cheapest) I have heard of nothing below 90 cents. At Trenton the rates are $1. Around New York, in manufacturing industries, the rates are $1.35.

Mr. ELLIOTT. I presume that if you were to offer 70 cents a day for wages for 30,000 men, you would have them all within a week.

The CHAIRMAN. That may be; but that is not the test of the average rate of wages.

In regard to the reserving of the public lands the following discussion took place:

The CHAIRMAN. Do you know any act of Congress which authorizes the absorption of public lands for any purpose but actual settlement?

Mr. ELLIOTT. I know that the lands have gone into the hands of public monopolists.

The CHAIRMAN. But do you know any existing statute of the United States which permits the absorption henceforth of the public lands except by actual settlers and producers?

Mr. ELLIOTT. I do not.

The CHAIRMAN. Then that remedy has been applied?

Mr. ELLIOTT. Yes, sir.

In regard to the growth of population the following discussion took place:

The CHAIRMAN. Do you assume that there are too many people in the world?

Mr. ELLIOTT. I assume that there are too many people in places. I should say that there are too many in China.

The CHAIRMAN. But take the world at large; is it over-populated?

Mr. ELLIOTT. Not if the population can be distributed properly.

In regard to hours of labor the following discussion took place:

Mr. THOMPSON. Have not the hours of labor been reduced?

Mr. ELLIOTT. As a general rule. They have been shortened from ten hours to nine hours in Massachusetts.

The CHAIRMAN. Mr. Walker testified yesterday that when he went into the boot and shoe business all the boot and shoe operatives worked thirteen hours a day, and that now they work ten hours a day when they are at work, but that the average of the whole year would be nine hours a day. And that a shortening of the hours of labor has occurred all over the world.

Mr. ELLIOTT. It has been forced upon us undoubtedly.

The CHAIRMAN. Is not the reduction of the hours of labor going on just as fast as machinery will enable it to be done?

Mr. ELLIOTT. I have my doubts about that. That is one thing which I want this committee to inquire about. I do not come here to say what should be done, or what should not be done.

Mr. THOMPSON. Do you not affirm, however, that, while machinery has increased the productive capacity from four hundred to a thousand per cent., it has not shortened the hours of labor?

Mr. ELLIOTT. Essentially. Since I have known anything about labor for the past 25 years men have worked about ten hours a day.

The CHAIRMAN. Mr. Walker testified that the hours of labor have been reduced in his time from 13 hours to 10 hours.

Mr. ELLIOTT. That may be so in some cases; but you yourself know that the ordinary hours of labor are ten.

Mr. THOMPSON. Some one has remarked that even sermons have been shortened; so that the sermons which used to occupy two hours do not now occupy more than 40 minutes.

Mr. ELLIOTT. Then the labor of the listeners has been undoubtedly lessened.

The CHAIRMAN. Would you consider it beneficial to have a law that would prohibit you from working more than eight or ten hours a day?

Mr. ELLIOTT. I should think not.

The CHAIRMAN. If there was such a law could you control the action of your brain if you wanted to?

Mr. ELLIOTT. I do it every day.

The CHAIRMAN. Could you prevent its thinking and working?

Mr. ELLIOTT. I do it every day.

The CHAIRMAN. I should like to have your recipe for it.

Mr. ELLIOTT. It is a very desirable one for you to have, and for every one else to have.

The CHAIRMAN. Is it for the public good to restrict labor?

Mr. ELLIOTT. That is not a question which I propose to answer. It is a question that I ask.

The CHAIRMAN. Well, I ask you whether you think it is?

Mr. ELLIOTT. In certain ways. How far it can be done is a very difficult question. Your committee will come to a decision upon that. I have not come to the conclusion that I would restrict the hours of labor in a factory to six or four, or to twelve or ten hours. It is a matter for serious consideration. I only say to you that, in England, the government does restrict the hours of labor.

The CHAIRMAN. Have you arrived at any conclusion on that point yourself?

Mr. ELLIOTT. I have arrived at the conclusion that we shall have to restrict the hours of labor in factories.

The CHAIRMAN. Then you think that the committee ought to recommend that to Congress?

Mr. ELLIOTT. I do not say so. I want this committee to make an examination.

The CHAIRMAN. We are asking you what conclusion you have arrived at.

Mr. ELLIOTT. I think that the hours of labor in factories ought to be restricted.

The CHAIRMAN. Would you restrict the hours of labor out of factories?

Mr. ELLIOTT. I do not see how you could.

The CHAIRMAN. Then how could the labor in factories compete with the labor out of the factories? The clothing business, for instance, is carried on in factories and in private houses. Now, if you restrict the labor in factories to six hours a day, and leave the people free to work as long as they like outside of factories, what will happen to those factories?

Mr. ELLIOTT. They will go to pieces—close up.

The CHAIRMAN. Will that cheapen or increase the cost of clothing to the consumer?

Mr. ELLIOTT. I do not think there is any danger of its adding to the cost of clothing.

The CHAIRMAN. Here is a factory in which you would restrict the labor to six hours a day; and here are private individuals outside working eight hours a day.

Mr. ELLIOTT. That is being done now.

The CHAIRMAN. Then the factory will be closed up, and the law will become inoperative, because laborers outside will work as many hours as they choose, and that will be the end of the law.

Mr. ELLIOTT. In that case you may be right.

The CHAIRMAN. Laws must be universal in their application to the community, or else they are of no use.

Mr. ELLIOTT. Undoubtedly.

Mr. THOMPSON. Have you looked into the other question, as to the power of Congress to legislate on such domestic matters, and to say, for instance, that you shall not labor more than six hours a day in Nebraska? Is not that a matter which your State legislature should act on?

Mr. ELLIOTT. I think so.

Mr. THOMPSON. Has Congress any power in the matter?

Mr. ELLIOTT. I do not suppose it has. But your committee, as I understand it, is to collect and digest the information that exists on the subject, and to put it before the country in a wise way.

Mr. THOMPSON. This committee is charged with two duties. First, to ascertain the causes of this supposed depression in business; and, second, to contrive remedies for it. Now, if Congress has no power to provide a remedy in the way you suggest, by limiting the hours of labor, it would seem that your argument does not apply to the question.

Mr. ELLIOTT. It would not seem that my argument is not good, but only that it is not good for Congress. It may or not be in the power of Congress to do it; but it is in the power of the public to do it. That goes without talk.

On the subject of credit and capital the following colloquy took place:

The CHAIRMAN. Do you know what is the estimated annual surplus of wealth produced in the United States?

Mr. ELLIOTT. I have not got it.

The CHAIRMAN. Mr. Wells thinks that it is about $600,000,000 per annum net earnings. Do you happen to know the figures of the balances which England is supposed to have derived from all her trade with the world during the last fifteen years?

Mr. ELLIOTT. I have not the figures.

The CHAIRMAN. About sixty-five million pounds per annum. Now the United States, France, and Germany are supposed to be nearly on a level. The United States are supposed to earn a little more surplus than the others. On that statement of yours England would get about $600,000,000 a year; and the others about $25,000,000 a year. Then how can you say that England accumulates all the profits of the world?

Mr. ELLIOTT. I do not say that she does so; I say that she has accumulated during the last hundred years a large proportion of the surplus of the world.

The CHAIRMAN. She could not have done so. There is $8,000,000,000 of accumulated capital in the United States; and France has a large capital (almost equal to that of England), and Germany has a large capital. How is it, then, that England can have accumulated the greatest portion when these other nations have as much as she has?

Mr. ELLIOTT. I say that she has accumulated a large proportion. Do you deny that England has accumulated capital?

The CHAIRMAN. I say that England has grown rich. But the United States have grown rich; and France has grown rich; and Germany has grown rich; England more rapidly than the others. But I deny that she has got the great bulk of the wealth of the world in her possession.

Mr. ELLIOTT. Do you deny that, for the last hundred years, she has accumulated a large portion of the wealth of the world?

The CHAIRMAN. The facts do not show it.

Mr. ELLIOTT. I think they do.

On the subject of the railroad debts of the United States held abroad, the following discussion took place:

The CHAIRMAN. Are we paying interest to England on these railroad bonds?

Mr. ELLIOTT. We are, on a part of them.

The CHAIRMAN. On how much of the bonds of these forty thousand miles of railroad that were built are we paying interest?

Mr. ELLIOTT. It would be only a guess on my part.

The CHAIRMAN. It is estimated that $300,000,000 of these bonds are not now paying interest.

Mr. ELLIOTT. That is very likely.

The CHAIRMAN. Are those railroads a benefit to the country, aside from their question of cost?

Mr. ELLIOTT. That is a very difficult question to answer.

The CHAIRMAN. Does a highway benefit a country?

Mr. ELLIOTT. A highway does benefit a country.

The CHAIRMAN. Does a railroad benefit a country?

Mr. ELLIOTT. Undoubtedly; if there is no objection to it.

The CHAIRMAN. Suppose we have got railroads built out of the money of foreigners; does that fact hurt us?

Mr. ELLIOTT. I think it does, and I will show you how presently.

On the subject of agriculture and farm products the following discussion took place:

The CHAIRMAN. You say that farms have not produced more than they did formerly. Have we got any less population now than we had in 1872?

Mr. ELLIOTT. I do not mean to say that the country at large has not produced more food; but I do say that the individual farm, which a man has mortgaged, produces no more wheat to-day than it did in 1872. His farm produces no more; and wheat is down to a price much lower than it was at that time. Therefore, he has got a mortgage on his farm, and he has got nothing to meet it with.

The CHAIRMAN. Is the country producing more or less of agricultural produce than in 1872?

Mr. ELLIOTT. More, a good deal.

The CHAIRMAN. Are we not selling it abroad?

Mr. ELLIOTT. We are.

The CHAIRMAN. Are we not employing labor to produce it?

Mr. ELLIOTT. We are.

The CHAIRMAN. Are we not feeding more people in the United States to-day than we were in 1872?

Mr. ELLIOTT. We are.

The CHAIRMAN. Has not the population increased much more rapidly than even the amount of surplus labor?

Mr. ELLIOTT. I should think so.

The CHAIRMAN. Then, if you could have stopped the production of human beings, we would have been in a more prosperous condition than in 1872; and our only trouble is that we have had a little more production of human beings in the country than we ought to have had, in order to insure employment for all. Now, if you can give us a remedy for stopping that production, I would be obliged to you.

Mr. ELLIOTT. Under this credit system that we have, we are developing the country without regard to the consequences.

The CHAIRMAN. But population increases on the credit system. That is exactly what happens.

Mr. ELLIOTT. We have imported some of the worst elements of labor from Europe, and we have imported some of the worst elements of labor from China, in order to fill up this factitious, excited condition of things that has grown up out of this excessive railroad building, which itself grew up out of the facilities of getting credit.

The CHAIRMAN. You stated a little while ago that there was not too large a population in the world if it were only properly distributed. Now, is not what you call the importation of labor merely a mode of distributing labor from countries where it is in excess to countries where there is a demand for it?

Mr. ELLIOTT. Undoubtedly.

The CHAIRMAN. But now, you say, you would stop that emigration. You would thus prevent the proper distribution of labor.

Mr. ELLIOTT. I say that everything of that kind needs to be directed and restrained. I do not say that I would stop it.

The CHAIRMAN. Would you prohibit Chinese immigration?

Mr. ELLIOTT. I should restrain it. I should restrain all immigration. When we have got already a surplus of labor, it seems to me that we had better not encourage further immigration; and, if so, had we better not restrain it?

The CHAIRMAN. We give no bounties to immigrants.

Mr. ELLIOTT. But we give them free lands.

The CHAIRMAN. Is not the large increase in the manufacturing products of the country within the last five years mainly due to the immigrants from abroad who have gone out on the lands?

Mr. ELLIOTT. No doubt of it.

The CHAIRMAN. Is not that beneficial to the country?

Mr. ELLIOTT. I doubt it.

The CHAIRMAN. Do you think we would be better off if we had not produced this surplus of agricultural products, and paid our debt with it?

Mr. ELLIOTT. We have not paid our debt.

The CHAIRMAN. That is a question of fact; and you will allow me to correct you. It is estimated that at least $600,000,000 of the government debt alone has come back from Europe within the last few years, and has been paid for by American capital, and is now in the country. That has been paid for by the surplus products of those who have come here to settle on the public lands. Now, is it a good thing to pay our debt?

Mr. ELLIOTT. It is a good thing undoubtedly, but it would be better for us not to have the debt.

The CHAIRMAN. But we had it; and these foreigners have come here, and, by their labor, have enabled the government to reduce its debt to the amount of $600,000,000 of what was held abroad.

Mr. THOMPSON. How would you restrain immigration?

Mr. ELLIOTT. Am I a law-maker; am I here to draft laws?

Mr. THOMPSON. You are here to advise what is to be done.

Mr. ELLIOTT. I make suggestions to you, which, in your wisdom, you will consider. We have got at Washington the assembled wisdom of the United States concentrated in some 300 men; and we look to them to do this thing for us. That is what I am here for—to try and convince you that you in your wisdom can do something, and ought to do something.

Mr. THOMPSON. But we want to be advised what to do. Would you restrain immigration from China more than from Germany or Ireland; or would you discriminate against individuals, or against countries?

Mr. ELLIOTT. I would restrain all pauper immigration; I would restrain all criminal immigration. Beyond that it becomes a question. Can you do anything to restrain it beyond those two things if the public good requires it? Most certainly you can. We are not bound to take all the surplus population produced in Germany, Ireland, China, and everywhere else. What is the fact in France, where they have had no call for cheap labor? They have got none. The average of families is less than three to a family. But in China there is no restraint, and in England there is no restraint; and the average of families there is much higher; and therefore they have surplus labor.

The CHAIRMAN. Did you say that there was no cheap labor in France?

Mr. ELLIOTT. Comparatively none.

The CHAIRMAN. Do you know the relative rates of wages in France and England?

Mr. ELLIOTT. I know that wages are low enough there.

The CHAIRMAN. Do you know what the wages of a laboring man in France are compared with the same class of labor in England?

Mr. ELLIOTT. I do not.

The CHAIRMAN. The average is about two and a half francs for a common laborer in France, and in England it is from 2*s.* 6*d.* to 3*s.* Therefore labor is cheaper in France than it is in England.

Mr. ELLIOTT. But the average of families is larger in England than three.

The CHAIRMAN. The average of families is another matter. In France they have found out some method by which they keep the laborers from suffering from excessive population.

Mr. ELLIOTT. They have found out that they have no need for more population, and they do not produce it. But if you ask cheap labor to come here, England, Germany, Ireland, and China will produce it for you.

The CHAIRMAN. Is there in this country room for more population?

Mr. ELLIOTT. There is room for more.

The CHAIRMAN. Is there not room for any quantity of population?

Mr. ELLIOTT. Yes.

The CHAIRMAN. The population which we have already is very small in comparison with the capacity of the country?

Mr. ELLIOTT. There is much room here, certainly.

The CHAIRMAN. Then it cannot be that this distress is produced by the country being over-populated. There must be some other cause for it.

Mr. ELLIOTT. Shall I go on with my paper?

The CHAIRMAN. Certainly.

On the subject of government control of the railroads, the following discussion took place:

The CHAIRMAN. Suppose the government had control of the railroads, would not the government have the appointment of all the railroad officials?

Mr. ELLIOTT. Yes

The CHAIRMAN. And the administration would exercise the same control over them that the railroad authorities now exercise. Would it be possible under those circumstances to change an administration?

Mr. ELLIOTT. I am not prepared to say.

Mr. Elliott then proceeded with and completed the reading of his paper.

VIEWS OF MR. JOHN ROACH.

Mr. JOHN ROACH, iron-ship builder, of New York and Chester, Pa., appeared before the committee by invitation.

He said: This committee is gathering facts which will be of great importance, and I feel pleased at having an opportunity to contribute what I may to the general result.

I appear before the committee this morning as a workingman of forty years' experience in this city. For fifteen years I labored as a journeyman. A fair average pay for those days was $1.60, and the hours of labor for the greater part of the time were from the rising to the setting of the sun. At that time workingmen had not improved machinery. We toiled with muscle and sinew. Therefore, as a workingman, I have kept a close eye upon the great improvements that have been made within the last half century. The more we advance in the improvement of machinery, the condition of the workingman advances equally in the same proportion. When machinery is first introduced, it may displace labor, but it increases the production, makes a larger demand for consumption, and by the reduction of cost it enables the workingman to live cheaper and better.

Out of the savings of fifteen years' work as a journeyman, at an average rate of wages of $1.60 a day (and a portion of the time without work at all), I saved enough to commence business in a small way. If you go into my old workshop to-day you will see a million dollars' worth of machinery and property as silent as the grave, with workmen standing around idle. When I was working at the Allaire Works at $1.60 a day, I did not even get my wages in cash. When Friday came the time-keeper would come around and say, "Roach, what do you want to-morrow?" I would say, "I want money." The time-keeper would say, "You cannot have it all in money," and I would receive so much money and so much by an order on trades-people. In the house of Brooks Bros. may be found to-day an order from the Allaire Company to John Roach for a pair of pantaloons. That is the way we were paid. I have seen workingmen rise and continue to rise to a better condition of things every day. I do not blame the workingmen for their extravagance during the last 15 years. They have been brought up in a very extravagant school. Their fathers, who earned twelve shillings a day, learned habits of industry and frugality; but when the war came on and wages rose to $3, $4, and $5 a day, the young men who were then growing up learned habits of extravagance.

I commenced by employing four men. I never owned a dollar's worth of stock outside of my own business. I never engaged in any business outside of my legitimate business, but I have gradually grown up from the employment of four men to the employment of 2,500 men. For the last five years there have been no less than 2,000 employed in my works; but it requires an effort to keep them there. I have been very intimately acquainted with the condition of workingmen, and I would divide them into three classes. A man belonging to the first class will come and say to me, "Mr. Roach, will you advance me next week's wages?" My reply is, "Yes, but how are you going to pay me?" "O, (he will say), I will save so much a week and pay you." But he neglected to save when he could have done so. The men of another class are those who only live from day to day. In the third class is the saving, thrifty, enterprising man, who makes efforts to become an employer himself, or who struggles to acquire a home for himself and family. This morning one of my workingmen came to me with two law-papers in his hand; one was a suit served to dispossess his widowed mother; the other was a summons to foreclose a mortgage on his own house. His was a case of one of those men who, when property was all up beyond its value, purchased a house; paid half the price upon it; gave a mortgage for the other half; the hard times came and the margin was blotted out. Those men who had made sacrifices to acquire a home are to-day indigent; and yet there is not a murmur of complaint from them. They only say that they were unfortunate. There are thousands of workingmen to-day suffering in that manner; other workingmen again have lost all their savings in savings-banks; so that there is suffering abroad.

Immediately on the commencement of the war there was an enormous amount of money in circulation to meet the requirements of the government. At that time men who had little property got rich with hardly an effort on their part. A large number of men were drawn away from the fields of industry, and that left a great scarcity in all the industries of the country. The price of everything went up in consequence of wages going up; and we were, to a great extent, producing for the purpose of destroying one another. Prices went up and wages went up also. We were scarcely able to supply our own wants. This condition of things continued until the time came when we had to come back to the original condition of things. Then things began to shrink and wages began to go down. A man who had a house cleared off before the war saw it increase so much in value that he gave a mortgage on it and bought another house, on which he also gave a mortgage; and then when the crisis came, his margin was swept away and he lost both houses. Then, in the cities, we were extravagant in opening streets and making other public improvements. Every dollar spent in those days was doubled, and we bonded the whole nation for almost double what we received. When the shrinkage came the debts did not shrink, but they remained the same and everybody went into bankruptcy. After the war ended we commenced to engage very largely in railroad enterprises. Between 1865 and 1870 we built 48,000 miles of railroad at a cost of over $350,000,000. Most of this $350,000,000 was in circulation. It was paid out to workmen in every branch of industry, from the mines of

Pennsylvania to the cotton factories of New England. All at once, in 1870, these railroad enterprises ceased. That source of employment was dried up. The miners began to fall off; the blast furnaces began to fall off; the rolling mills began to fall off; the machine shops began to fall off; and when all these ceased to pay out money, the cotton factories and other industries felt the effect, and we came down to a crisis. At this time one of our greatest calamities is that the enterprising men, not the capitalists, but the men who borrow the capital and who take the risks of trade, the men who invent, the men of genius, find their margin gone and their resources crippled.

The three great industries on which labor depends for employment in this country are agriculture, manufactures, and commerce. During the war, when we had to keep an army in the field, and to supply the wants of our own people, we found a market at home and we neglected exporting our goods to any foreign market. The agricultural interest is to-day predominant. It is a great mistake that we make in this country that when any class becomes the greater in power, we try to legislate for it because that class is in a majority. We ought to recollect the minorities. To-day the agricultural interest is in a majority. It is in a flourishing condition; but even it is beginning to feel the effects of the pressure as well as the manufacturing interest. It is beginning to feel the wants of a market unless it transports its products 3,500 miles (and the cost of that transportation comes from the producer). I have been a farmer in my time and I remember that, before reaping machines and thrashing machines and mowing machines were invented, farm laborers got scarcely $8 a month. To-day, that the mowing machines, the reaping machines, and the plowing machines are in operation, the farm laborer receives more than double what he did then; so that, with the introduction of machinery, the prosperity of the working men went side by side. Now, should we to-day break the mowing machine? Should we say that we will not have any more machines, and should we thus reduce our ability to compete with Russia in producing wheat? Certainly not. The best evidence of the great value of machinery to the human race and to the American people is the position which Great Britain occupies to-day (because improved machinery has made her the great nation of the world). The British Islands are no larger than the States of Pennsylvania, New York, and New Jersey, and have no greater mineral resources and no greater wheat producing capacity and no greater commercial advantages. And yet that nation to-day maintains a couple of millions of men at work, and (taking into consideration her resources) her people are in a much better condition than ours are. And why? Because she has been practical. While the soil of Great Britain belonged (as it still does) to the lords and dukes, they had their protection on corn. They did not allow a grain of corn to come in from abroad without paying duty. But, when they found that they had brought their land up to that perfection, then they began to look at their mineral resources. They never passed a corn law until the necessity for it became palpable. What was the necessity for the passage of the corn laws? The necessity was that England was likely to be thrown out of the markets of the world for her manufactured goods unless she got cheap bread. It was essential for her to have cheap bread in order to compete with other manufacturing nations. Then the corn laws were passed; and thus, by cheap bread, Great Britain was able to keep up competition with other nations. England maintained her navigation laws until she was convinced that she herself could build ships cheaper than other people could, and then she repealed her navigation laws in order that she might say to other nations, "Why not follow our example? Since we have repealed our navigation laws we have become a great commercial nation."

Now I have come down to that one of the three interests in which I am immediately concerned. I appear before this committee to-day with a larger interest connected with the ownership of ships than with the building of ships, although I am generally attacked in the newspapers as a protectionist of ship-building. My interest as a ship-owner is, I say, larger than my interest as a ship-builder. With due deference to Mr. Marshall, and to the world-wide reputation of the commercial house of Charles H. Marshall & Co., I dissent from the opinions expressed by that gentleman here on Monday. I find that he has built but one sailing vessel since 1860, and that he is at present the part owner of six sailing ships with an aggregate tonnage of 9,173 tons. These ships, I find, were built in 1851, 1854, 1856, 1860, and 1869. This fact leads me to believe that Mr. Marshall has not been closely investigating the cost of ships in this country recently, or else the great blunder which he has made he would not have made. I find that he stated here the cost of a wooden ship built in this country to be about $60 a ton, and the cost of an iron ship built in Great Britain to be about the same. Now, wooden ships to-day are cheaper in this country than they ever have been, and the highest price that I have known to be paid recently for a first-class East Indiaman, with double sets of sails, has been $40 a ton, and the price has gone down as low as $37 a ton, which is 40 per cent. less than Mr. Marshall's statement. These are facts uncontradicted. The greatest difficulty which we find in building up American commerce is, that the class of men who built ships 40 years ago did not care about keeping pace with the new condition of things.

I agree with Mr. Marshall in regard to our navigation laws up to a certain point. If we go back to the end of our Revolutionary war and look at the condition in which we then were, we will find that we had no working capital; that the currency of the nation was what was then known as continental money; and when a man wanted to describe a thing as utterly worthless, he was accustomed to say, "It is not worth a continental." That was our condition at the close of the Revolutionary war. We were a bankrupt nation. We had nothing but a wilderness before us. But the wise men of that day came together and began to create laws for the government of this new country. The government was looked upon then as only an experiment, but it is a strange thing that the law-makers of that day passed the navigation laws and made them so prohibitory that no ship could receive the American flag unless she was built here. That was a daring position to take. But let us see whether the men who passed that law were not prophets in their day. We had no railroads, no turnpikes, no communication except by water, and we needed ships. We had no skilled labor and we had not the capital to build ships; and when the first ship was built, probably the carpenter was paid his wages in bushels of grain. Under all those disadvantages what did we do? We grew up under those navigation laws, until 1812 came. What was the cause of the war of 1812? It was a war made by England against the rising commerce of this young nation. What would have been the result of that war if we had not taken the precaution to have within ourselves and under our own control the means to build ships and the men to equip them? It was because we had these means and these men that we made the bold and gallant fight we did make, and we then taught Great Britain a lesson which she has profited by ever since. Now let us look at the progress of this country in ship-building. From 1814 up to 1830 we exported (by the records of the Treasury Department) forty-seven million dollars' worth of ships. Before we brought any money into this country from the resources of agriculture, or from manufactures, we had brought into the country from ship-building the sum of $47,000,000. We steadily went on in that way until the war came. England made great efforts to counteract our movement in ship-building. When the coast was clear and when the prize of the ocean was due to the men who could build the best ship and sail her with the best crew, we were rapidly gaining upon Great Britain and we almost took control of the ocean. There was scarcely a point in the world where any commerce existed that the American ship, the American captain, and the American capitalist could not be found. The American ship-owner got a preference over any other ship-owner in the world from the fact that he did his work best. Thus we went on gradually growing to a point where we were not only building our own ships, but were bringing in the gold of foreign governments by the sale of the ships that we built. The ship-yards on Manhattan Island here were employed in building ships for all the nations of the world; but to-day all these great shipping-yards are closed. One of them is used as a hospital, another is used for the storage of lumber, another is converted into a saw-mill, and others are converted to various purposes; and I have been charged as a monopolist because I have one solitary workshop that is still alive on the east side of the city.

Now how did we lose this ship-building trade? I agree with Mr. Marshall on one point. He tells you that between the years 1865 and 1870 we had lost about two million tons of shipping. But there he stops, and he impresses you with the idea that that was lost because the American people were not competent to sustain their commerce under that condition of things. When the war broke out we had an immense coast to guard with a small navy. We had to protect it from English blockade runners, and the Navy Department purchased for that purpose 215,000 tons of our best steam tonnage; while the War Department chartered 301,311 tons. The Alabama destroyed 104,605 tons, and the sum total of tonnage taken out of our commerce in less than one year at that crisis was 1,879,505 tons. The vacancy was left; and England, without a struggle, supplied the place; so that we lost that commerce, not from the want of enterprise on the part of American merchants, not from the want of genius on the part of American mechanics, not from the want of daring on the part of American sailors, but this tonnage was taken away from us in order to save the nation's life, and was replaced by English tonnage.

Then came the next great difficulty that we had to encounter. A good deal is said about iron ships, and when the word iron ship is mentioned, it is supposed that if we only had iron ships, and if we could only buy iron ships abroad, we would be all right. But if you refer back to our fleet on the North Atlantic seven or ten years ago, and look in the files of one of the old newspapers of that day over the names of the vessels, you will find that they were all iron steamers; and you cannot find one of them there to-day. They were as much of a failure as our wooden ships were. I have known some of those vessels to cost $500,000 or $600,000, and to be perfectly sound; but their machinery was very defective, and they were sold at about 10 per cent. of their original cost. The whole fleet has been renewed within the last seven years. It was at that time that I went before a Congressional committee and showed that 80 per cent. of all the capital invested in the north Atlantic fleet would be lost before 1880.

Then we had an opportunity to do something to establish this iron ship-building interest. While our great war was going on there was a comparatively great revolution effected in the ship-building interest. The iron ship took the place of the wooden ship; the propeller took the place of the side-wheel; and the compound engine took the place of the ordinary engine. This revolution was going on while we were so much absorbed in the struggle for our national existence, and in the excitement which came after it; so that we were not able to avail ourselves of any of these advantages. When the war ceased the practical mechanics and ship-builders of the United States called a meeting in this city, and it was proposed to the old wooden-ship builders to put an amount of money together to establish an iron-ship yard at Green Point in order to prove to the world that we could build iron ships. Nothing, however, was done. Whenever you go to work to interfere with English interests, England silently and quietly strikes you where you do not expect. She will go to work and even attack you through the pulpit and through the press; but she will take good care not to let it appear that those attacks come from England. Now a wooden-ship yard is one thing and an iron-ship yard is quite another thing. For a wooden-ship yard a man only requires a piece of ground on the bank of a river as a workshop. No machinery is required. The carpenter goes into the yard in the morning with his rule and ax and performs his day's work. It is quite different with an iron-ship yard. There an immense amount of machinery has to be established and a very large capital invested. When that effort was being made to establish an iron-ship yard, a bill was introduced before Congress for the admission of foreign ships free, and it was discussed in the newspapers. Any man who opposed that bill was considered a monopolist.

It may be interesting here to know what was the first encouragement we had to establish an iron-ship yard. This question was kept up before Congress, year after year. There was a demand for free ships; while at the same time the copper, the iron, and everything else that entered into the construction of ships, were taxed. Finally, durthe Franco-Prussian war, such a pressure was brought to bear upon Congress in favor of the bill to allow free ships, that the President of the United States asked Congress, in a special message, to give two days to the discussion of the question. The question came up and I was there. I was then not a monopolist. I had no ship-yard, but I loved the ship-building interest, and I saw what was going on. I wrote on a piece of paper an amendment to be offered to the bill, and when one member made a speech in the Senate about the glorious chance offered to the American merchant to buy those splendid German ships, when they could be got for half their cost, I had this amendment offered, proposing that if American capitalists were going to get these ships at half cost, they should be required at least to pay half the duty on the materials. The friends of the measure would not allow the bill to be passed with that amendment, and it was defeated. After that bill was defeated, I met in this city a gentleman who was then holding a very high position under the government, and who favored that measure. I made it my business to come to his hotel, and I got him into a carriage and took him around the ship-building section of the city, and showed him the desolation that existed there. Then I took him to Green Point and showed him where the little Monitor was built, which saved Washington at the commencement of the rebellion, and I showed him the man who had more to do with the Monitor than any other person, working as conductor on a street-railroad car. When I next went to Washington I met him, and he said that the President ought to know this. I went and saw President Grant and explained the whole thing to him. He told me that that measure would not go through. I then came back, made thorough investigation of the whole business, satisfied myself that we had all the great natural resources for iron-ship building superior to any other nation in the world, and that the time had come when we could build iron ships under as favorable conditions as any other country. I then purchased a site on the Delaware, and went to work to build iron ships. From 1871 to the present time I have built thirty-seven steamships, of an aggregate tonnage of 84,000 tons (equal to 250,000 tons of sailing-vessels). Of that amount 20,510 tons were built for the foreign trade. There is a great variety of interests connected with ship-building. The fitting out of one of the large steamers built by me cost, in Mr. Stewart's store, very nearly $40,000. It includes cutlery, glassware, bedding, carpeting, oil-cloths, &c.; and when the ship-building interest is in a flourishing condition, a great variety of men have a chance to find employment in their various industries. The ships that I built within those five years cost sixteen million dollars, and of that amount at least fifteen millions was paid out for labor. The building of the iron steamship commences with the taking out of the ore from the mine. The village blacksmith has something to do with it. You can readily conceive the great variety of trades into which this fifteen millions of dollars went. We have now come to a point in American iron-ship building when we can carry on the business.

In 1870 there was scarcely a ship-yard in the country that could build a two thousand-ton ship, and there wasn't enough of skilled labor in the country to more than run one iron-ship yard. To-day there are five large establishments in the country, each of

them almost equal in capacity to my own; and there are all the skilled workmen that we want. England thought that the absence of skilled workmen here was one of the great elements of her strength, and that it would take us half a century to educate skilled workmen up to the point of competing with her in the iron-ship building business. But the American workman learns his business very soon; and to-day there is no scarcity of labor in that line. I have here a letter from Glasgow dated the 18th of June, 1877, stating that the writer has learned with interest that I am carrying on a successful competition in iron-ship building as compared with the builders on the Clyde, and saying, that if I could build an iron steamer to compete with the rates charged on the Clyde, which were from £14 to £14.10*s.* per ton, for a ship of from 1,500 to 1,800 tons, he would send me an order; and I wrote to him a letter in reply accepting the proposition. The business here is in its infancy, which is not so on the other side. There are two hundred millions of capital invested in it there, and there are probably five millions of capital invested in it here. If our navigation laws are repealed, the English will bring their ships down in price until they force us out of the business.

Mr. Roach went on to relate the efforts which he had made in establishing a Brazilian line of steamships, and the means to which English ship-owners had resorted to prevent his doing so successfully.

Said he: I got up the plans of two ships and took them to the Brazilian minister at Washington, and said I would like to try the experiment and see what his country was going to do toward establishing a line of vessels of that class. Two ships were built quietly three years ago and fitted up for that trade. They were built without an order, in the hope that something would be done in that direction. I found that the English contract was going to expire the next year. I said to my agent, "Offer those ships and take the contract if you can get it; ours are better ships than the English." The contract was to be renewed for ten years. We got a favorable reception, and I think we would have got the contract, but the moment it was known that we were prepared to take it the whole English press of Brazil poured out their wrath on the American representative, and a caricature appeared in one of the English papers where I was represented as a Yankee subsidy-beggar, and the Secretary of the Treasury appeared with a bag of corn under his arm distributing it to me and my agent. Influences were brought to bear, and before the chambers had time to confirm the contract the same English company offered to perform the service for nothing, and I lost the contract. One of the ships was then sold to the Russian Government for a war ship, and the other was put on to run between New York and Havana. The agent came back and told me that the English had offered to perform the service for nothing and were doing it. I said to him, "Go back, and if it takes ten years I will pay you a salary and keep you there to keep them doing it for nothing." He went back and watched his opportunity.

During the summer and fall numbers of Brazilian merchants were traveling in this country, but in order to get here they had to go to Liverpool. I dealt with such of them as I met, as I deal with other representative men, took them on board the steamers and showed them everything that we had here, and when they went home they called a meeting and demanded of the Brazilian Government that the English Government should furnish better ships and pay something for the privilege. The question was reopened and discussed. A commission was appointed by the Brazilian Government, and I sent an agent to find out what ships this company had under their control. I found that their vessels had only just so much speed, so much tonnage, so much accommodations, and I telegraphed to my agent to make a proposition to furnish, instead of 2,000-ton ships (the largest that the English company had), 3,500-ton ships, with accommodations equal to any in the world; such ships as that when the Brazilian merchants wanted to come to New York they could come here more comfortably than they could go to London or Paris. On that proposition being made the contract was awarded again, limiting me to six months' time for the construction of the ships. That was crowded into the contract by English influence, because they thought I could not comply with it. Well, the ships were started, and so far I don't know how we shall come out, but I will show you what convinced me that there was room for a line of steamers from here to Brazil.

I have not asked any money from the government to help to build my ships; I have not asked the government to indorse my bonds; I have asked for no favors; but there is an old law on the statute-book under which my ship cannot be cleared unless I take the United States mails on board. Therefore, as a compulsory matter, I do that service and get that money; and it should be remembered that before those ships went on, the letter-postage to Brazil was twenty-two cents by the English line.

Now, as to the general difficulties under which we labor, it seems to be conceded that they are caused, to a large extent, by the extravagance of our own people and the enormous amount of railroads which has been built, beyond the natural requirements of the country, forcing large amounts of money into circulation to supply the unnatural demand created. In that way more factories and machine-shops than were needed

were forced into existence; these causes induced immigration from other countries, and we reached the point of producing more than we could consume. But I have never for a moment thought that it is a case of real over-production. It would be a very easy matter, if we chose, to get rid of our surplus products by having the government appropriate a fund to buy them up and dump them into the rivers, and set the people at work again; but the trouble would be that in a very short time the surplus would be reproduced, and unless you can find some sound way of getting rid of your surplus production, you will have to go to work to get rid of your surplus people. Now, how are you going to get rid of them? It is very easy to say, "Let them go west." Go west what to do? To farm? You will soon have the same result there—over-production. And if you take a man educated up to the point where he is a first-class engineer or master mechanic, having spent five years of his life in learning a trade which is paid at the rate of $2 a day, and having become in the true sense of the word a professional man, it will never do to tell him to break up his habits and surroundings and go west to dig ditches. That is very easy advice to give, but it is not practical. What, then, shall be done? What would Great Britain have done with all her factories and machinery if, when she had got them established and had built her railroads to the water's edge, she had stopped there? She would have been a frightful example of over-production. But that is not what Great Britain has done: she has adopted a very different policy; and whether it was necessary to carry out that policy by subsidies or at the cannon's mouth, she has adhered to it and carried it out. Her motto has been, "A market at all hazards!" and the strength of Great Britain to-day depends on the control of her markets. The other day when she appeared to be battling for the Turks, she was really battling for a market. Now, I have no hope that we can accomplish much by building ships to cross the North Atlantic and find a market for our goods there. There is but little encouragement in that direction. But there is a vast extent of territory in South America that is yet uncontrolled to any considerable extent by any other foreign nation.

Brazil is nearer to us than to Europe, and there are no two nations in the world that can more profitably exchange products than Brazil and the United States. With all our vast and varied agricultural products Brazil grows one great crop that we have not and that we must have, an article that is in more common use than anything else except bread; I mean coffee. Brazil, on the other hand, requires our productions, and why should we not trade with her in the way of exchange instead of buying her coffee with gold? The English have put on three ships a month, a ship every ten days. One of those ships comes from Brazil to New York with a cargo of coffee, goes over to Liverpool, and takes back a cargo of English manufactured articles to Brazil, so that she has a profitable load all the way. She carries out a load of English manufactures to Rio; from there she has a profitable load of coffee for New York; from New York she has a profitable load of breadstuffs to Liverpool, and from Liverpool she takes back another profitable load of English manufactures. Now, if our government is going to establish lines of transportation of any kind, why is it not better to help a line of steamships to a great market where we can sell our products and get others in return than to build railroads into the wilderness, where there is nothing to sell and nothing to buy? The great mistake has been made by our government in any aid that it has given to establishing our position on the ocean, that the legislation has not been guarded enough. Men have got contracts and have substituted old iron or wooden ships for the ships that they were to put on, have converted the whole thing into a stock company, and, while the government subsidy helped to make the stock pay a dividend, they have got rid of the stock, and then when the subsidy came to an end the line was gone. The Brazilian Government knew this, and so in their contract they required that the ships should be of a certain tonnage and speed, economical in the consumption of fuel, and having a certain carrying capacity. If we are to do anything to open up this great avenue of foreign trade, the first step is to establish regular and frequent postal communication. Make your contracts under wise restrictions. Let the price be moderate, and in place of a large sum for a few years, let it be a moderate sum for a long period. Advertise, and give the contract to the lowest bidder. In this way invite capital into these avenues of trade and let us see whether we cannot do something to start our factories and set our people to work without any other government aid than a fair compensation for carrying the mails.

The CHAIRMAN. Would you limit the competition which you propose to American built ships?

Mr. ROACH. Entirely so; and I will give you my reasons. There are other reasons why we should have American ships besides the profit that they may produce to John Roach or Mr. Marshall or anybody else. Looking back at the three great struggles that the United States has been engaged in, you will find that the national existence depended to a great extent upon our ability to man and equip our own ships. Look at the position of Russia the other day when she went to war, having to come to the Delaware for the means of protecting herself at sea. Look at Spain, who once controlled the ocean, compelled in her last struggle with Cuba to come to New York to get

her gun-boats built, and when she needed them most we refused to allow her to have them. It is necessary at all times that our immense coast should be protected and that we should have the means of protecting it within ourselves. That is one reason.

The CHAIRMAN. Haven't you said that the number of ship-yards has grown since 1870 from nothing up to five, and that without any mail contract or subsidy system?

Mr. ROACH. I will explain that. A large portion of those ships were built for the Pacific Mail Steamship Company. Where there is an established trade a line of ships can be maintained without any subsidy. I don't want any subsidy where I have an established channel of trade, but there are new countries with which we have no mail communication and no commerce, and it should not be expected that any private citizen should undertake the burden of developing a trade in which the whole nation is interested.

The CHAIRMAN. That is not the point. The question I asked you originally was whether you would allow this competition for carrying the mails to be made as well by foreign as by American shipping merchants. In case we should determine to establish the mail line you speak of, shall we limit the competition to American steamships? Could not we admit foreign-built ships to competition just as we admit them to every other kind of transportation?

Mr. ROACH. It would make this difference: It requires 125 men to man one of those merchant ships.

The CHAIRMAN. But under our navigation laws must all American ships be sailed by American citizens?

Mr. ROACH. To a great extent.

The CHAIRMAN. Does the law require that the crews shall be American citizens?

Mr. ROACH. To a great extent.

The CHAIRMAN. What proportion of the crew are required to be American citizens?

Mr. ROACH. I can't tell you exactly, one-half or two-thirds, I think. This line of steamships to Brazil now gives permanent employment to 250 men. Those 250 men are citizens of New York, I presume their families are there; their pay-day is here, all their expenditures are here. If you bring in foreign ships it may not be compulsory on them to have foreign crews, but if you bring them in the result will be that the ships will be manned chiefly by foreigners, and 250 foreign citizens will take the place or these 250 Americans.

The CHAIRMAN. If your proposition is true, that we should limit the competition to American-built ships, would not Brazil be justified in limiting it to Brazilian-built ships? And, in the same spirit, ought not she to do so?

Mr. ROACH. Brazil would do so if Brazil was a ship-building country.

The CHAIRMAN. Suppose the Emperor made up his mind that it would be a good thing for Brazil to become a ship-building country, and that he determined to make it one.

Mr. ROACH. If he thought that, he would probably do it, and I would advise him to do it. I would say to him, "Go ahead and take care of Brazil"; and that is what I want our government to do, take care of the American people first, and the rest of the world afterwards.

The CHAIRMAN. But if all nations should take the same view of the subject, each insisting that the ships should be built within its own domain, how would we get the ships at all? If we insisted that the ships trading between here and Brazil should be built here, and Brazil insisted that they should be built there, as a ship could not be built in both places, how would we get the line running?

Mr. ROACH. In that case I would be willing to depend upon the United States alone. Give me a contract from the United States and I will get on without Brazil.

The CHAIRMAN. But Brazil won't get along without us.

Mr. ROACH. Then if she can't get along without us she has got to let us build the ships.

The CHAIRMAN. That is hardly answering the question. Logically, you have to abandon your original proposition and to say that a ship may be built in either one of the two countries between which she trades.

Mr. ROACH. I don't want to do that. I don't care about Brazil, if you please. If the people of the United States want a mail contract with Brazil, and if we cannot make better terms, then let us run our own line to Brazil, and if Brazil wants an independent mail communication with the United States let her go to work and get it up herself.

The CHAIRMAN. Then you would have two subsidies to two different lines. That would be the effect.

Mr. ROACH. No; for I propose to perform the service for both.

Mr. THOMPSON. If, after you had made your experiment successfully in your own country, Brazil chose to build her own ships and man them with her own men, that would get rid of the difficulty, wouldn't it?

The CHAIRMAN. If we are to pay for this mail service by a government subsidy, we must raise the money by taxation. Is not that so?

Mr. ROACH. Yes.

The CHAIRMAN. Now, if we are to be taxed for the mail service, and it is a service that we want, why shouldn't we reduce the burden to the minimum by giving the contract to whoever will do the work cheapest?

Mr. ROACH. I believe in that doctrine. Give it to whoever will do it cheapest.

The CHAIRMAN. Very well. If an English-built ship will do that service cheaper than an American-built ship, why should the taxpayer be compelled to have it done by the American ship?

Mr. ROACH. Simply for this reason, that this country has been through a long and bloody and costly war, which has buried the land under an enormous bonded indebtedness which is payable in gold. We have got to tax the people of the United States to pay that debt, and I claim that every ship I build, every tool in my workshop, every foot of ground that I occupy, every dollar in my business, every man in my employ, is to-day contributing to carry that burden, and therefore I ask, in common justice, is it fair to open the market to the whole world and subject our own citizens, who are burdened with this heavy taxation for the payment of our own debt, to competition with foreigners, who have not such burdens weighing them down? If you will relieve me from these burdens, and put me on an equal footing with the English shipbuilder, then I will talk with you as to whether it is right to let in English ships; but, as the case stands at present, I contend that it is not fair to let him in to compete with me. Not only do you put upon me these burdens that I have enumerated, but you tax the ship that I own 3 per cent., the same as a house and lot, no matter whether it is running or lying idle, while the taxation in Great Britain is not one-fifth of that. First you load me down and put me in a position where it is impossible to compete, and then you ask why I cannot compete with foreigners.

The CHAIRMAN. Can you tell us the present price per ton of building a first-class steamer on the Clyde, with proper outfit?

Mr. ROACH. That is one of the ways of putting the question that has mystified a great many people. You say "the price of building a first-class steamer," without specifying anything as to the accommodations, &c. You may as well ask what it would cost to build a house without giving any definite description of the house. The range is so wide that it would be impossible to give a satisfactory answer to the question in that form. However, I will show you some figures. This document that I have in my hand is a list of 287 steamers that are tied to the docks of Great Britain, and are for sale, and it strikes a great many people as a plausible argument to say, "Here are 287 vessels for sale; they could be bought at a very low figure, and could be made very profitable, but we cannot avail ourselves of the opportunity because of our navigation laws." This document has been kept in circulation here for years, and shown to men in Congress and elsewhere. Now, we all know the shrewd ways in which smugglers contrive to get in their goods; we know that they are up to all the sharp tricks of the age. In 1871 and 1872, when iron was very high, an old friend of mine was traveling in England, and he said to me, "Here are $15,000,000 worth of old ships, almost useless in England, iron ships; if you can get the navigation laws repealed, those ships can be brought into American ports." "But," said I, "when you come to look at them, those ships are not fit for our use." "No; but that is not the object. We can buy them for the price of old iron; they contain at least $12,000,000 worth of iron, copper, brass, and tin; they will float themselves across the Atlantic, and when we get them here we will condemn them, and we will have got in so much iron free of duty."

The CHAIRMAN. But the question I asked you was a different one. What I am trying to arrive at is this: Take a given specification for a steamer or an iron sailing-ship—could that ship be produced for less dollars in gold here or on the Clyde?

Mr. ROACH. It could be produced for less dollars in gold on the Clyde. There would be a difference of at least ten per cent. And now you may ask me, "Is there any likelihood of that difference being reduced?"

The CHAIRMAN. Yes; I will ask you whether we are likely to get down to a point where we can compete with the Clyde shipbuilders?

Mr. ROACH. I think so. First, I am satisfied that the first point in getting rid of our enormous taxation is to spend less money for public improvements in cities and towns and villages, thus making the taxes on workingmen's homes lighter. We have too many miles of macadamized and paved streets with only a few houses upon them. Our improvements of that kind are too extensive in proportion to what is actually demanded by the population; but as our population and wealth increase our taxation can be reduced in the same proportion. The next point, which is the most important to the workingmen, is cheap money. Take up the New York papers and you read that money is to be had at one and a half per cent.; but if a poor man has $400 with which to buy a lot and wants to borrow money to build on it, he cannot get it for less than six per cent. Now, if he could get that money for four per cent. he could afford to work for me cheaper than he does, and I could afford to build ships so much cheaper. Or, I start a ship-yard requiring $1,000,000 capital; I have $500,000 of it and

I want to borrow $500,000 more. I cannot get that money without paying seven per cent. Now, when we reach a point where I can borrow that money at five per cent. or four and a half per cent., then I will be glad to reduce the cost of my ships in the same proportion.

The CHAIRMAN. Then you are in favor of increasing the quantity of capital in the community, making it more and more abundant?

Mr. ROACH. Not in the way you suggest. I do not want any more greenbacks.

The CHAIRMAN. I did not say that. I said increasing the quantity of *capital* in the community. Is not the rate of interest dependent upon the quantity of capital which is offered for loan? I did not say "currency"; I said "capital," which means wealth.

Mr. ROACH. Yes.

The CHAIRMAN. Could you make capital more abundant by stopping the machinery of production?

Mr. ROACH. If you stop the machinery of production you will go back into barbarism.

The CHAIRMAN. Then the remedy is not through the stoppage of the machinery, but it is by keeping the machinery at work.

Mr. ROACH. Yes, sir. I have not meddled much with this currency question, and I will tell you why; I was in the Treasury Department one day looking at one of the clerks making up statistics showing the amount of steel and iron that we imported, and the amount of cotton goods and woolen goods for each year from 1872 to 1877. I compared the figures and I found the difference in value between what we imported of these three articles in 1872 (which was a year of great speculation) and 1877 was over $47,000,000, and I said "If we have spent $47,000,000 of gold less for those three articles, and if we have sold the same amount of grain as before, I think we are on the true road to resumption." And as to the gold itself, there are different ways of getting it. Some of our people think that the only way to produce gold is to go to the mines and dig for it; but if five hours' labor will produce a bushel of corn which will sell for a dollar in gold, and it takes seven hours' direct digging to procure a dollar's worth of gold from the mine, then the cheapest way to dig for gold is to raise corn.

VIEWS OF MR. CYRUS BUSSEY.

Mr. BUSSEY voluntarily appeared before the committee, and, in reply to the questions by the chairman, stated that he was president of the New Orleans Chamber of Commerce, and had been for the last twelve years dealing in cotton and western produce.

The CHAIRMAN. Has your business led you to study the means of improving the condition of this country, enlarging its business, and making it more prosperous than it is at present?

Mr. BUSSEY. I have been all my life, since I was fourteen years of age, engaged in mercantile business, which has brought me in contact with the laboring classes of the country, and I have devoted a considerable amount of study to the causes that have produced the depression that now exists, and have tried to study out some remedies which I believe are necessary for the amelioration of the condition of the laboring classes of the country.

Mr. THOMPSON. In what localities have you been engaged in business?

Mr. BUSSEY. My life up to twelve years ago was spent in the West. I am a native of Ohio. I lived for a time in Indiana, and before the war in Iowa; and, that there may be no misunderstanding as to the position I occupy, I will state that I was a Federal officer in the war, and in my Army experience I got to like the South so well that after the war I went to live there. I feel some embarrassment in coming before this committee to-day, because I know that I am occupying time which may be intended for other witnesses, but I am here as a representative man, to speak for a city of 200,000 people, for a State that has one large interest which is entirely different from that of any other State in the Union, and for the whole Mississippi Valley, embracing twenty States and Territories, whose interests are identical with ours, in demanding for the commerce of the country, and, through the commerce, for the laboring man of the country, those opportunities which shall make it possible for him to live, to educate his children, and ultimately to acquire a competence. I am not one of those who believe that this country is producing too much. I do not believe that there is the same amount of distress among our people generally that there is here; I believe that there are thousands of people suffering in New York to-day who want nothing but enough hope or ambition to get out of the city and go where there is something for them to do by which they can make a living. It is necessary that we shall regard this question from an agricultural standpoint and from a commercial standpoint, and see what can be done to give employment to our people who are not employed. The causes of the present distress have been pretty clearly stated and illustrated here to-day by two witnesses. When the war broke out there was a demand for men and for everything that men produce in this country, and the government paid out thousands

of millions of dollars until the prices of everything went up enormously. That condition of things attracted skilled labor from Great Britain and all parts of the world to our mines and factories, and we continued on that line for four years and a half, paying extravagant prices for everything. As a business man I know that in 1860 there was great depression; the farms of the people in the country were mortgaged and the same was true of their houses in towns and villages. That had resulted from the crisis of 1857. But the war made everybody in the North rich, and they continued rich until the panic of 1873. The construction of 70,000 miles of railroad brought into this country nearly $5,000,000,000, which was paid out here and helped to make every man rich; and the magnificent structures which grace the streets of New York and other cities to-day have resulted from the enormous expenditures of the government and of private individuals during the period from 1861 to the present time. But all at once the government ceased to require this labor, the railroad interest drooped, and there was no more demand for labor, and the people found themselves out of employment. A great many people then took Horace Greeley's advice and went West and engaged in agriculture, and the result was that while in 1870 we cultivated 90,000,000 of acres in this country, we now cultivate 120,000,000 of acres, and we have got the price of a barrel of mess-pork down to less than $7—the price paid to the man that makes it, I mean. All this is in the interest of the laboring man, who has to buy his provisions. But there is a limit here. The prices of provisions and breadstuffs in this country, and in every country, depend entirely upon the prices abroad, and if you raise the prices beyond a certain point, foreign countries will find some means of getting along without importing your products; while, on the other hand, if you lower the prices by lessening the transportation, you increase the demand. What we have to fear now is that too many of our people will go into agriculture. With the machinery now in use our manufacturers are able to supply all the manufactured goods, machines, and agricultural implements that are required to supply the people of this country, and if that machinery is to be kept going, and everybody is not to be driven into agriculture, we must find markets abroad. Whatever will benefit the transportation interests of this country will benefit the laboring man, and in my judgment that is about the only way that the Congress of the United States can benefit him. Certainly any attempt to fix the hours of labor would produce more injury than benefit. There should be no law restricting the liberty of the citizen in that respect. This is a free country, and it ought to be kept free, every man being left at liberty to work out for himself the best results he can. There is not too much capital in the land, and unless we take care of our capitalists we will have distress everywhere, among all classes of the people. We need more capital and larger and wider industries, and we never will have those industries until we have more capital. What we want is capital of the right kind, and while I do not propose to discuss the financial question here, I will say that I think the more speedily we can return to a solid specie basis and the Congress of the United States ceases to tinker with our currency, the better for all concerned. Now I am confident that the resources of this country are not thoroughly understood by our people, especially by a great many in this latitude. I ask the chairman whether Mr. Adams did not say here the other day that 99 per cent. of the commerce of this country was carried on railroads?

The CHAIRMAN. I think he did not. Perhaps some of these gentlemen of the press can aid my recollection; but I recollect no such statement. If I had heard it, I should probably have asked him for the evidence.

Mr. BUSSEY. I was not here, but I read an abstract of his testimony, and he was reported to have made that statement.

The CHAIRMAN. I think not; but the figures are all given in Senator Windom's transportation report.

Mr. BUSSEY. The truth is that the commerce carried on railroads amounts to about $18,000,000,000 per annum, while the water transportation amounts to about $10,000,000,000, and in point of bulk, the water transportation, being largely composed of the heavy articles, exceeds the railroad transportation. One of the most desirable things for the people of this country is to improve our transportation facilities. To the people of the Mississippi Valley, the twenty States and Territories that I speak for here, the great Mississippi River, with its 16,000 miles of navigable tributaries, is of immense importance, and it is of immense importance to the whole country. This is really a national question, and I contend that the money expended in the improvement of the navigation of our water-courses is money put into the pocket of the laboring man. To illustrate: at the mouth of the Mississippi River up to a recent period there was great difficulty in getting over the bar at the mouth of the river so as to reach the harbor of New Orleans. We have improved since then. In 1873 we brought that matter before Congress, and they made a contract with Captain Eads to construct the jetties about which you have all read, which gives us 23 feet of water, so that we have no detentions from such causes now, and the saving upon the commerce of New Orleans by the reduction in the freight of cotton and corn for this year amounts to more than $2,000,000, and that money has gone into the pockets of the people. In consequence

of this improvement of the channel we are able to ship corn at 9 pence where we formerly had to pay 12 pence, and there have been cargoes taken as low as 7 pence, and we are shipping cotton as low as a farthing, which is the New York rate.

Mr. THOMPSON. To what point are you shipping?

Mr. BUSSEY. To Liverpool, Havre, and other foreign ports. I said at the outset that I represented a State whose interest in one respect was different from that of any other State; I refer to the production of sugar; and I want to show you how that production is of service to the whole country. In Louisiana we have 5,000,000 acres of land capable of producing sugar. Two years ago there were 105,000 acres of land under cultivation, which produced 192,000,000 pounds of sugar, besides producing 8,114 gallons of molasses to the acre. The United States consumes between fourteen and fifteen hundred million pounds of sugar; so that Louisiana produces about one-seventh of the total amount of sugar consumed in this country, and the balance we buy from Cuba and South America, and pay for it in gold. Now, if our sugar interest is protected and increased until we are in the same position in which the Cuban planters are, with our plantations and machinery all paid for and capital accumulating, then we will be able to compete with Cuba without assistance, and our sugar production can be increased until the whole demand of the people of the United States can be supplied at home. And by increasing the sugar production, we make a home market for the products of other parts of the country, breadstuffs, clothing, &c.; because all these commodities, even the mules that draw the plows for this vast body of labor on the sugar plantations, are produced outside of Louisiana.

The CHAIRMAN. Do you ask for additional protection on sugar?

Mr. BUSSEY. I call the attention of the committee to these facts, so that the tariff on sugar may be maintained, and that it may be maintained equitably, and that there may not be too large a proportion of the tariff put upon sugars that do not interest the man who produces it from the soil.

The CHAIRMAN. You are aware, I suppose, that the committee of Louisiana planters that came to Washington did not ask for any increase of duty, but professed themselves entirely satisfied with the rates proposed in Mr. Wood's bill.

Mr. BUSSEY. I feel authorized to say that that tariff is satisfactory.

The CHAIRMAN. Then there is nothing that we need do now about it?

Mr. BUSSEY. Except to let it alone.

The CHAIRMAN. That is precisely what was done. The proposition was satisfactory to the committee, and it was reported to the House.

Mr. BUSSEY. That is satisfactory, provided it is settled.

The CHAIRMAN. O, you can never have a question of tariff settled.

Mr. BUSSEY. Another matter of great importance to the country is the improvement of the general navigation of the Mississippi River, which implies confining the channel to its natural bed. We do not understand that in the city of New York one man has a right to drain his lot upon his neighbor's land without taking care that the drainage is carried to some point where it will do no harm; but the result of the whole system of drainage of the Mississippi Valley is to pour the water from both sides into that river and send it down in a flood upon the lower States.

The CHAIRMAN. Is that done by man or by nature?

Mr. BUSSEY. By nature and by such artificial means as the people above have seen fit to adopt for their own protection, and the result is that the increased volume of water that we have to take care of in Louisiana overflows our lands.

The CHAIRMAN. How is the volume of water increased?

Mr. BUSSEY. I do not say that it is increased, but if the water were allowed to diffuse itself through the swamps in the States and Territories above, and to dry up by evaporation there, of course it would not be all poured down in a volume upon us, but if artificial means are used to prevent it from finding its way into the bayous and swamps, it is sent down into the river, and that of course increases the quantity of water to be taken care of below. I think that this is really a national question and that it is the duty of the Congress of the United States to take measures to confine the channel of the Mississippi River within its bed, and by doing that to protect the most magnificent body of land on the face of the earth, land as productive as the valley of the Nile itself, and which in time will be not only a great benefit but an absolute necessity to the people of the whole world, because it will produce just those great necessaries that cannot be produced so well elsewhere, cotton and sugar. We are rapidly approaching a time when Great Britain will be compelled to depend upon the United States for cotton, and whatever tends to increase the production of cotton and enable us to transport our products at less cost than before, puts money into the pockets of the poor man.

Mr. THOMPSON. Are there not large portions of the Mississippi River that are perfectly navigable at all stages of water and yet the adjacent country is overflown?

Mr. BUSSEY. There is a large portion of the Mississippi River that is navigable at all times.

Mr. THOMPSON. Would this confining the river within what you call its natural

bed, be upon the theory of increasing or maintaining the navigation, or upon the theory of reclaiming the waste lands?

Mr. BUSSEY. Both.

Mr. THOMPSON. But if the river is already navigable how would you justify the expenditure on that ground?

Mr. BUSSEY. The facts are that the river is navigable from New Orleans to Vicksburg at all seasons of the year for the largest class of steamboats. From Vicksburg to Memphis frequent interruptions in first-class navigation occur; and from Memphis to Saint Louis for four or five months of the year the interruptions are very injurious to the commerce of the country.

The CHAIRMAN. What proportion of the overflowed country is along that part of the river where the navigation is good all the year?

Mr. BUSSEY. A very large proportion. A very large amount of the overflowed land river were protected it would be also deeper; they claim that the river will keep its is below Memphis, but it is claimed by scientific engineers that if the channel of the own bed open.

Mr. THOMPSON. That is all true, but still you say the places where the river needs improvement for purposes of navigation are just the places where it would not help the country bordering on the river.

Mr. BUSSEY. I take it that if the river were confined within its natural bed, its width and velocity would be substantially the same at all points between Saint Louis and New Orleans, and the result would be that there would be no sand-bars formed, and the water would cut out such a channel for itself that smaller levees would be required.

Mr. THOMPSON. My object is to ascertain whether the improvement of the river at the points where the improvement is needed for navigation would benefit the country that is overflowed.

Mr. BUSSEY. We believe it would; but if the river were confined at all times within its bed the overflow would be avoided and the navigation of the river improved, giving us a 10-foot channel all the way from Saint Louis to New Orleans.

The water-courses of this country are the regulating influences of the whole system of transportation, and without them there is no telling what our railroad rates would be. Coal has been taken from Pittsburgh to New Orleans at one-half a mill per ton per mile—nine times less than the lowest rates of freight charged from Saint Louis to New York for corn. Without our water-courses we cannot transport the heavy products of the country, and the Mississippi is *the* great water-way of the country. I feel that we are especially entitled to ask that an appropriation shall be made by Congress to put the navigation of that great river in the condition in which it should be, for the reason that the Government of the United States levied a tax upon cotton, immediately after the war, which took from the people and put into the Treasury about $70,000,000.

At the time that tax was levied there was great destitution throughout the country, and the cultivation of cotton was attended with such risks that nine-tenths of the Northern men who went South who were engaged in it were broken up and compelled to leave the country because they could not make a living in consequence of the extraordinarily high prices they had to pay for everything, including labor. Now, I would not ask that the government should pay back a dollar of that tax; I think they would be very foolish if they did; but I do think that it would be no more than an act of justice to devote at least the interest on that amount to the improvement of the navigation of the Mississippi, which will develop that region and be a blessing to the whole country. In New Orleans our trade with foreign countries is increasing rapidly. Other witnesses have directed your attention to the trade with South America. We have a line of seven ships running from Liverpool to Rio Janeiro, from Rio Janeiro to New Orleans, and from New Orleans to Liverpool. These vessels carry cargoes of merchandise from Liverpool to Rio, where they take a cargo of coffee and come to New Orleans. There they get the gold for it, together with the profits of the ship, and then they load and go back to Liverpool. You could not hire one of those vessels, for any kind of compensation, to go from New Orleans back to Rio, because they know that we are able to compete with Great Britain in the sale of our manufactured products; and I undertake to say that all that is necessary for us in order to get the trade of forty or fifty millions of people down there is to declare a friendly war against the commerce of Great Britain, and make an appropriation to carry it on. Do that, and we will have a trade of $200,000,000 instead of $60,000,000, as we have now.

In the Argentine Republic commerce made little progress until 1852. In 1850, the English Government established the Royal Mail Steamship line between Liverpool and the river Plate, and since that time the trade of that country with England has increased 1,000 per cent., or 33 per cent. per annum.

France also established her steam lines, and has a trade little inferior to Great Britain. While the flag of this great, enlightened, free country has never waved over a single steamer in an Argentine port. While our foreign commerce has increased 300 per cent. since 1851, it has remained stationary with that country.

The total trade of that country for 1875 was, imports, $55,756,000, of which but

$3,069,000 was from the United States; her exports $50,331,000, of which $3,056,000 to the United States. In 1874, she imported from England, $21.405,000; from France, $19,836,000; from Belgium, $16,777,000; and from the United States, $3,945,000, with exports to the United States of $3,747,000.

Of 40,000,000 yards of cotton cloth imported in 1876, the United States furnished 155,000 yards; of $14,000,000 worth of cotton goods, the United States supplied $175,000; of $1,000,000 worth of boots and shoes, but $10,000 worth was furnished by the United States. This reference to one of the leading articles of our production, the raw cotton of the South and the manufacturing interests of this country, shows the value of a trade which should b long to the United States and which is now enjoyed, almost exclu-ively, by Great Britain.

Is there any reason why American cotton should not be spun by American manufacturers and transported by American ships, with which to pay for the goods we now import in foreign vessels, and for which we pay in gold? Our total trade with the Argentine Republic, in 1876, was only $4,274,006, or 33 per cent. less than in 1875; all because we have no steamship communication. The exports of that country are coffee, wool, hides, &c. It is a well-known fact that Argentine hides have been sent to us from England, to be tanned here, and then returned to Europe for consumption; thus paying three freights to British steamships.

This government is a republic, and their people are striving to adopt our institutions and to advance in civilization, and it is our duty as well as interest to create the facilities for a free communication with them. They have borrowed our federal system of States and almost literally adopted our Constitution. The population is 2,000,000, the immigration of the republic since 1857 amounts to 449,000, greater, far, than that of all the rest of Portuguese American put together. Three newspapers in English, two in French, two in Italian, and one in German, are published in Buenos Ayres; all but one dailies. She has 13,000,000 head of cattle and 57,000,000 sheep, and her commerce, in proportion to her population, is greater than that of any other country, save Australia, on the globe. Her rivers are navigated by 3,000 sail-vessels and steamboats, but not one of them are American. One million eight hundred thousand tons are transported on her rivers in a single year. Has 6,800 miles of telegraph, 1,500 miles of railways, and nearly as many more are being constructed.

The European mail service to South America numbers 200 vessels, first class, 2,000 to 3,500 tons burden; of which number the Pacific Steam Navigation Company control about 100, supplying the western coast from Panama to Terra del Fuego, and extending on the east coast to Rio de Janeiro. Another single Liverpool shipping firm furnishes over 50 steamers for the east coast service, from Liverpool to Rio and the Argentine Republic; while other corporations, English, French, and German, add an equal number, constituting daily steamer arrivals and departures at Rio. These lines were heavily subsidized by their respective governments and the subsidy gradually diminished after the lines became established; they continue to receive liberal compensation for carrying the mail.

Brazil occupies about two-fifths of the South American continent, and has, after Russia, the most extensive contiguous territory of any government on the globe. Its area covers 3,252,900 square miles, about a quarter of a million more than the United States.

Her population exceeds 12,000,000, about the same as the United States in 1830. Brazil is ruled by one of the wisest and most practical monarchs of which we have any account, whose practical good sense, displayed during his recent visit to this country, won for him the admiration of the people of the whole country. To my mind it was a humiliating fact that His Majesty the Emperor of Brazil was unable to visit the United States in a ship floating the American flag, but was compelled to negotiate with English lines for a ship to bring him to this country. It is not creditable to a country of forty millions of people that we should be without regular steam communication with an empire whose trade is worth so much.

Not only Brazil, but all the South American countries, West India Islands, and Mexico sell to us much more than they buy from this country.

Let me submit a statement of the amount of exports and imports into countries south of us. That amounted for 1875—value of imports—to $152,987,000, and exports from the United States $60,000,000, showing an annual deficiency, that must be paid in gold, of $90,000,000, as follows:

Trade of United States with countries south.

Countries.	Value imports.	Value exports.	Total.
Argentine Republic	$3,602,736	$1,519,190	$5,121,926
Brazil	45,453,173	7,253,218	52,706,391
Central America	1,819,120	938,102	2,757,222
Chili	755,222	2,157,752	2,912,974
Danish West Indies	393,612	805,309	1,198,921
French West Indies	1,857,668	1,486,925	3,344,593
British West Indies	3,479,291	8,197,042	11,676,333
British Guiana	1,172,119	1,750,452	2,922,571
Hayti	3,076,199	4,732,724	7,808,923
Mexico	12,505,753	4,706,777	17,212,531
Dutch West Indies	697,172	873,546	1,570,718
Peru	1,440,973	1,176,922	2,677,895
San Domingo	405,363	695,859	1,101,222
Cuba	58,717,688	13,746,058	72,463,746
Porto Rico	4,305,824	2,099,076	6,404,900
Colombia	5,497,646	3,946,442	9,444,088
Uruguay	1,804,552	1,126,123	2,037,675
Venezuela	5,875,715	3,424,277	9,299,993
Other ports	127,987	.....	127,987
Total	152,987,813	60,635,786	213,623,609

I wish to call the attention of my friends from the Mississippi Valley to the amount they enjoy of this vast trade. Out of $60,000,000, the Mississippi Valley, through the port of New Orleans, received in imports $7,044,000, and their total exports amounted to $1,798,000.

From 1871 to 1875 the imports into Brazil amounted to $471,570,000, and their exports amounted to $577,041,000, while, during the same period, the imports of the United States from Brazil amounted to $274,000,000, and the exports from the United States to Brazil amounted to only $48,853,000. Here is a deficiency of $226,000,000 which we have paid to Brazil in the last five years in gold, over the amount of goods and merchandise which we have sold to them.

Notice the steady increase in the trade of Brazil.

The foreign importation and exportation, which before 1808 passed through the ports of Portugal to the value of $11,300,000, rose in five years—1869 to 1874—$173,639,700; the imports representing $76,563,000, and the exports $96,076,700; there being consequently a balance of $18,513,700 in favor of the exports.

The foreign maritime commerce of 1839 was $48,084,500 and 1874 $173,649,700, showing an increase of $125,555,200 of the last five years over the first to the proportional ratio of 261.11 per cent. in the thirty-five years, or to the mean annual progress of 7.67 per cent.

If these results be compared with those of European commerce, it will be seen that everywhere, even in France, where the annual increase is 10.2 per cent., commerce has progressed less rapidly than in Brazil, where the foreign and interprovincial trade has progressed at the mean annual ratio of 20.67 per cent.

Although the development of the foreign maritime trade is sufficient to give an exact idea of the progress of this country, nevertheless it is as well to analyze the relations of interchange in the last ten years: 1864 to 1869, $361,989,000 importation, $423,709,000 exportation; 1869 to 1874, importation $387,825,000, exportation $480,383,500. Increase of importation, $25,826,000; increase of exportation $56,624,500. It is, therefore, seen that in ten years the imports increased at the rate of 7.13 per cent., and the exports at the rate of 13.37 per cent. The excess of the exports over the imports was in the first five years $61,720,000 and in the second $92,568,500. The commercial transactions of Brazil with other nations shows a balance in the years 1864 to 1874 of $154,288,500.

The progressive increase of trade, therefore, shows a corresponding increase in the balance.

These conclusions, based on official statistics, prove beyond doubt the great development and the consolidation of the public wealth in the last years, and are the best guarantee of the prosperity of the nation.

It is well to mention that it was during those ten years that the empire maintained the war with Paraguay, pending which its commerce suffered many derangements. Nevertheless, the sources of wealth were not attacked, neither did trade diminish; on the contrary, it increased more in consequence of heavier exports than of imports, an evident proof of the productive forces of Brazil.

The well-deserved credit that Brazil enjoys is based on these solid foundations, and still further strengthened by the stability of its institutions, which are generally the best guarantees for commerce, agriculture, and industry. In the empire there are

more than 57,452 commercial houses, besides 7,588 free of taxes; of these, 31,436 are Brazilian, 19,512 Portuguese, and 6,504 belong to different nationalities.

Rio de Janeiro, commercially considered the capital of this empire, is the most important city in South America, and in North America only New York surpasses it. The mean value of its foreign trade, including the exports and imports, amounted, according to the accounts of the last financial year, liquidated, to $85,010,198.50. This trade was carried on by nearly 6,000 vessels, measuring more than 3,000,000 tons.

The revenue of the custom-house of Rio de Janeiro is one of the largest in the world. The proceeds of the import and export duties collected in the financial year 1873–74, amounted to $15,081,797.15. If to this be added the municipal island tax office in the same year, the total, $23,859,947.29, will represent the amount which these two fiscal stations contributed to the general revenue of the empire.

The position of this port—nearly in the center of South America—makes it the natural emporium of the maritime trade of the United States and the ports of the Pacific, *and yet our commerce with this empire is less than that of any other nation, it being shown by statistics that of all its imports only 4 per cent. come from the United States, whereas, on the other hand, we purchase fully two-thirds of all the coffee crop and over 20 per cent. of other products.*

From 1840 to 1850, England's trade with Brazil made no increase; in 1853, three years after the establishment of her lines to that country, they had advanced 150 per cent. on 1848, and in 1855 they had advanced about 300 per cent. Her total exports to Brazil from 1840 to 1850 were stationary, at about $12,000,000 annually. In 1851, the first year after the establishment of the Royal Mail Company, they advanced 40 per cent., and in 1854 the advance was 102 per cent. on 1850—showing that her exports doubled in five years from a stationary point before the establishment of steam mail facilities.

The combined British imports and exports up to 1850 averaged $18,229,000, but in 1855 these had reached $40,812,275. Thus the British trade increased 225 per cent. in five years after the first line of steamers was established to Brazil.—(Rainey's Ocean Post: Appleton, 1858, pp. 128, 129.)

A steam line from New Orleans to Brazil and Buenos Ayres would unite the three greatest river valleys in the world—the Mississippi, the Amazon, and the Plata. Hundreds of our river steamers would find employment on their waters in a growing commerce already awaiting them; we would furnish their railroads with locomotives and cars, as we have the roads of Russia, Egypt, Chili, Peru, and Bolivia.

Such a policy would carry civilization to a people who have steadily and rapidly advanced in wealth for fifty years.

Forty years ago De Tocqueville said that the commerce of the southern new world would soon belong to the United States; but he did not estimate the energy of Great Britain, nor did he know of what manner of man the American Congressman is made.

France for nearly one hundred years made little effort to extend her commerce. From 1785 to 1855 no material advance was made in her commercial statistics. Her people were left idle to incite revolution, but under the enterprise of Napoleon III her trade wonderfully increased.

In 1858 her exports were	$375,000,000
In 1868 her exports were	660,000,000
In 1876 her exports were	715,120,000
While her imports for 1876 were	797,680,000

This unparalleled increase in her trade is the proudest monument the republic has preserved.

Has the policy of France impoverished her people? Let the stupendous contribution of her people to the popular loan to pay the German indemnity answer.

France is now embarking on a system of internal improvements which will cost her treasury $500,000,000.

Great Britain commenced her system of subsidies to ocean steamship lines in 1833, and since then has expended about $200,000,000.

That she has reigned supreme as mistress of the sea for almost a century is a matter of history. That she of all nations has subsidized most heavily is fully established.

England's wealth is in her exports of manufactured articles, while ours are raw material, on which she makes a profit. We now have the labor and can manufacture as cheaply as she. England exports annually about $350,000,000 worth of cotton goods; why should we not have this trade when we produce the raw cotton. England's commerce and subsidized lines have given her the trade.

In 1866 foreign tonnage was 4,410,424. In 1866 American tonnage was 3,372,060, or 30 per cent. less than foreign.

In 1876 foreign tonnage was 12,218,365. In 1876 American tonnage was 4,711,949, or 160 per cent. less than foreign.

England has direct communication with every part of the globe, and she has secured it by establishing and liberally supporting her mail steamship lines.

Italy subsidizes her lines, paying yearly $3,228,811.20.
Denmark has a line from Copenhagen to Denmark.
Japan has a short line, to which she pays $250,000.
Spain, a line to the Philippine Islands.
Holland supplies lines to the East Indies and the Mediteranean Sea. The Netherlands India Steamship Company has a contract for fifteen years, receiving an advance fee for the building of new ships.
Russia pays 1.55 per mile, and to one line a round subsidy.

Australia and New Zealand, with a population of 2,300,000 for 1875, had a total trade of $458,399,000, or more than the eighth of the aggregate foreign trade of the United States, with a population of 44,000,000. No nation on the Globe has ever made such rapid progress as these British colonies in the South Pacific. During the year 1875 these colonies imported and consumed foreign products amounting to $236,000,000. Our share of this enormous trade was so small that our Bureau of Statistics does not enumerate it, but says: Exports to all the British East Indies, Australia, and New Zealand, $3,978,000.

Australia proper has a protective tariff.

New Zealand and Tasmania are free ports. The chief export from Australia is wool of unrivaled fineness and length of fiber. If the duty was removed and Australia wool admitted into this country free, it would contribute largely towards securing to us the trade of that country, and as there is no similarity to the wool grown in the United States, its introduction would not injure the wool-growers of this country; and in order to do this, we should remove the duty on wool and copper, which would greatly stimulate our trade with Peru, Chili, and the Argentine Republic, as well as with Australia.

There should be a revision of the treaties existing between the United States and many of the countries I have named. The duties now levied by some of them are not reciprocal.

Cuba, to whom we paid in five years up to 1876, $365,000,000, while she bought of us only $77,000,000, leaving a balance of trade against us of $279,000,000, imposes a duty on American products as follows, viz: Flour, $4.40 per bbl.; corn, 64¼ cts. per 100 lbs.; lard, 4.48 per cwt.; hams, 3.84 per cwt., and on other articles in same proportion—25 per cent. additional for war tax. Our government should, if possible, secure a more favorable tariff on our products to Spanish ports.

Every man connected with the Government of England, from Lord Beaconsfield to the smallest officer of the country, is a pathfinder for British commerce. They have spent hundreds of millions in aiding their commerce, and through that policy now have steamship lines to more than two hundred foreign ports. With some of the South American countries and Mexico we have steamship lines established and sustained by subsidies granted by the respective countries, but not one dollar from our own country, except the ordinary letter postage. The result of the experiment with these lines shows that wherever we have steamship lines the trade of this country is in proportion to the steamship tonnage we furnish. This fact can be illustrated by a comparison with Venezuela.

In 1870 we imported from Venezuela $2,037,322, and sold them $1,307,833, a total trade of $3,345,145. Through the influence of a subsidy granted by that government, we now have a steamship line from New York to Venezuela, and in 1876 we imported from them $5,675,715, and exported $3,424,278, a total trade of $9,299,993, an increase of 260 per cent. over the trade of 1870. In 1870 the American shipping engaged in trade with Venezuela was 15 vessels of 2,571 tons capacity, employing 109 hands. In 1876 the American ships was 134, with 43,459 tons, employing 1,255 hands. Of our imports, $4,581,475 in 1876 was coffee, and our exports, $788,696 were breadstuffs, $463,280 provisions, and $110,825 cotton goods. The Mexican Government pays for having a mail line of American steamships supported between Vera Cruz and New York, and another line between Vera Cruz and New Orleans; also between Acapulco and other Pacific Mexican ports and New York, via the Isthmus of Panama, and from those ports to San Francisco. We are therefore on a par with England as respects postal facilities, and the result is we divided the trade of Mexico last year almost equal with England, and will probably exceed her this year.

Central America has connection with England by two lines of mail steamers, and with the United States by one line. Out of $15,000,000 last year, we supplied $5,000,000, and England $10,000,000. Is it not perfectly apparent that if we had had two lines and England only one, we would have sold $10,000,000, and England only $5,000,000?

To the United States of Colombia we have two lines of steamers running, and England has two. Of $8,000,000 of goods imported last year, we furnished $4,000,000, and England $4,000,000.

Take the west coast of South America, independent of the United States of Colombia, and out of $23,000,000 we sold $3,000,000, and England $20,000,000. Our $3,000,000 was largely made up of lumber, petroleum, and provisions. We are dependent for our communication with the west coast south of Panama upon a heavily

subsidized English line, whose interest it is to take every thing to and bring it from England. To the east coast of South America we furnished $15,000,000, and England $65,000,000; with the east coast we have no steam communication.

With China and Japan our communication by steam is about one-third that of England, and we sold to those countries last year about $10,000,000, while England sold $30,000,000.

We have a steam line to Sydney, and are gradually obtaining control of the Australian trade. We exported to them last year $6,000,000, and imported $1,500,000.

Thus it will be seen that wherever we have mail communication by steamers with any port of South America, China, or Japan, we are building up a trade which shows that we can compete in the markets of the world with our manufactured goods because of their superiority. Our cotton fabrics are better, while our agricultural implements and hardware is superior to that of any other country. The demand for our products in those countries will increase. Railroads are being constructed through them, and civilization will rapidly increase the demand for our goods. Nearly all the trade we enjoy with those countries is through the support granted by the foreign countries with which we have steam communication. Our government is doing nothing, while England, France, and other foreign countries support magnificent steamship lines, which furnish mail facilities through which the business is built up. We can never hope to secure any considerable part of that trade until we furnish steamers as good and as fast as those running to England and France. Our government should grant liberal mail contracts to at least two lines from New York and New Orleans to Brazil, and other contracts to other important countries with which it is desirable to trade. These mail lines are necessary to enable the merchant of that country to visit our market and to facilitate the exchanges and settlements, and when we establish the fast mail-line it will be followed by a freight-line, and a business will be built up which will require the departure of a ship every day from some port of the United States.

We have spent $5,000,000,000 in constructing railroads to get our products to the seaboard, and there we have stopped, and but for the enterprise of John Roach and the generosity of foreign governments we should be without mail facilities, because the government of the United States does not spend a dollar to secure foreign markets and thus justify the construction of our railroads. I believe that the very best investment that our government could make to-day would be to spend $1,000,000 annually in mail compensation to steamships to run to foreign countries south of us. If you look at the map you will see that China, Japan, Australia, New Zealand, all those countries, lie nearer to us than to Europe; the nearest route to China and Japan to-day from Great Britain is through New York and San Francisco, yet we are willing to let Great Britain send her products around Cape Horn 9,000 miles to conutries that lie within 3,000 or 4,000 miles of our own coast. We produce raw cotton, and we can beat the world on hardware, and the time is coming when we shall beat it on everything else, unless it be boots and shoes. I believe that we shall be able to compete with any part of the world in anything, unless our laboring people insist on living in fine houses with velvet carpets and pianos. I know that we can get as much out of the muscle of this country as can be got out of that of any other country. We did it on the battle-field, and I believe we can do it in the commercial field.

The CHAIRMAN. Don't you think that workingmen who enjoy music should have pianos?

Mr. BUSSEY. Yes; and I think they will all have them in time. I believe that this country will justify it. I have the greatest confidence in our future. This is a wonderful country. The Almighty in His wisdom has made it to order.

The idea used to be that there was a vast extent of country west of a certain line which was worthless, and which was spoken of as the Great American Desert, but it is found when the plow is put into that soil that there is really no end to the agricultural resources even of that part of the country. The fact is that every laboring man here can, if he wishes, go to some part of the country and get land enough to cultivate and make himself independent.

Not a solitary individual have I ever encountered who was engaged in business or trade who did not believe that a judicious expenditure of money in maintaining postal service between this and foreign countries would help all our business interests. One year ago there assembled at Old Point Comfort delegates from all the South, three hundred as intelligent men as I have ever seen, and they unanimously passed a resolution on this subject, and Senator Hill in the Senate of the United States said that he took the declaration of that body of men, knowing their character and intelligence, as an instruction to him.

The CHAIRMAN. You say you do not know of any business man who is not in favor of such a measure. Mr. Marshall, who testified here the other day, one of the largest business men in New York, said he was opposed to subsidies and that the result of them would be to create a monopoly in the hands of the persons getting them, and that is the argument generally adduced on that side of the question.

Mr. BUSSEY. There is nothing in that argument. What we want, as Mr. Roach said here a while ago, is increased foreign postal service. We were met by a delegation of gentlemen from Baltimore, engaged in the coffee trade, with this declaration, that there is no necessity for increased postal facilities with Brazil because we have a telegraph line, by which you can send a message at $5 a word. I would like to know if that is not a monopoly. Mr. Marshall, I suppose, is interested in a few wooden vessels, and every man who has got a wooden ship is afraid of the iron steamers; but must the interests of 40,000,000 of people be subsidiary to the interest of a few men who own a few old wooden ships?

The CHAIRMAN. You do Mr. Marshall injustice. He stated here in the most frank way that he did not think that anything could be done to save the wooden vessels; that they were doomed; that their day had gone by; that there was no longer any profit in them, and that the sooner they were out of the way the better.

Mr. BUSSEY. Well, if that be true, why not do something practical to get back the business that we once had? In 1820, eighty-eight per cent. of the commerce between this and all foreign countries was carried in American vessels, and in 1826, ninety-two per cent., but the percentage ran down, and when our foreign commerce amounted to $1,100,000,000 we carried but twenty-six per cent. of it.

The CHAIRMAN. The reason is that some one else has been willing to do the work for the producers and consumers of this country cheaper than we were able to do it.

Mr. BUSSEY. The reason is that when in a great national emergency the vessels of this country were taken for another purpose, Great Britain came in and got this commerce from us.

The CHAIRMAN. I suppose there is no fact better known than that the same causes were at work prior to 1860 substituting iron for wooden vessels. Great Britain was able to produce and run iron steamers at less cost than we could do it, and the revolution which was already begun simply completed itself a little more quickly by reason of the war.

Mr. BUSSEY. And we have now reached the time (and it is the only time that has presented itself unless it be for a year past) when we are able to enter upon competition with Great Britain. The first great duty of this country was to return to specie payment. Having done that, we can enter into competition in transportation facilities, for the reason that the great mass of the tonnage now on the water is not so well adapted as the new tonnage is to the carrying trade. That is why our first Brazilian line did not succeed, because the vessels were not large enough.

The CHAIRMAN. If we can compete in the cost of producing commodities which we want to sell abroad why can't we compete in the production of the vessels which shall carry those commodities?

Mr. BUSSEY. For the reason that labor in this country demands better pay than the English workmen receive. I cannot imagine that any man would put $1,000,000 into a line of vessels and undertake to develop a trade between New York and South America, or between New York and China and Australia, or between the mouth of the Mississippi River and South America, in the face of the fact that there are subsidized lines running from Great Britain to those countries, and in view of the fact that those vessels from those countries, being bound to come this way anyhow, can therefore carry freight at very low prices; but, if the government would say to the citizen who proposed to establish an American line, "Put on your ships and we will do with you just what we do at home for every railroad corporation; we will give you a reasonable compensation for carrying the mails," then we could compete with foreigners.

Mr. THOMPSON. Your idea is that you want the waters open to everybody, giving all an equal chance, but you hold that when England subsidizes her steamship lines this government ought to subsidize ours, in order to give them an equal chance?

Mr. BUSSEY. I do think so.

Mr. THOMPSON. Then it is because England has interfered with the natural order of trade that it is necessary for us to do the same?

Mr. BUSSEY. Yes, sir; and I say that the natural superiority of our products is such that we will then have a monopoly of a great many lines of trade. Before I left New Orleans a gentleman came from the United States of Colombia; he desired to trade in this country, and he had been waiting for months to get to it, but there was no regular line of steamers, and so he had worked his way on schooners to Panama and came from there to New Orleans.

The CHAIRMAN. The United States of Colombia is somewhat of an unknown region, but we have recently appointed a minister there, and he had no trouble in getting to his post. He took a steamer to Panama, and then another steamer to Carthagena——

Mr. BUSSEY [interrupting]. That would have been all right for this gentleman if he had wanted to come to New York, but he didn't; he wanted to come to New Orleans.

The CHAIRMAN. I might want to go to Liverpool from the port of Barnegat, and might insist that I would not come to New York, but would that be a reason for establishing a steamship line between Barnegat and Liverpool?

Mr. BUSSEY. Just look on the map at the location of the United States of Colombia

with reference to New Orleans and you will see why he wanted to come there. What is the use of a man traveling 7,000 miles when he can get to his destination by traveling 2,000?

The CHAIRMAN. But the channels of commerce are regulated and fixed by commercial considerations, and they cannot be changed in the way you suggest.

Mr. BUSSEY. That ought not to be. New Orleans is the second exporting city in this country.

The CHAIRMAN. Then all that the people of New Orleans have to do is to establish steamship lines for themselves. Lines are running now from this city——

Mr. BUSSEY. By the grace of some foreign country.

The CHAIRMAN. That makes no difference. If some foreign country will do it cheaper for us than we can do it ourselves, let them do it.

Mr. BUSSEY. But the question is, is there anything that we can do that will break up the causes that have brought the people of this country to such a condition that they cannot compete with foreigners? I say there is, and that it is in the power of the Congress of the United States to remove at least one of those causes. The gentleman that I have mentioned came from the United States of Colombia to New Orleans with $40,000 in United States bonds, with the intention of paying out the money for merchandise, and almost the first thing he had to do was to go and buy a schooner to transport his goods; and then he went into the market and paid out his money for almost every kind of goods that are manufactured in this country. That man's visit was a benefit to every class of the people, and he says that if we had regular communication between the two countries we could command millions of trade, not only from his country, but from Martinique, Trinidad, and all that region—trade that we do not get now because the people are forced to go where they have facilities for going. Now, I do not believe that the people of this country are opposed to the judicious expenditure of their money for such a purpose as I have indicated. I find men standing up in Congress and asking an appropriation of three or four hundred thousand dollars to put a roof on a custom-house. What difference does it make if we do not have a fine custom-house? It does not affect the trade of the country at all. But when we ask something for the benefit of commerce, we are denounced as being in favor of subsidies, wanting to take money out of the pockets of the people and give it to a class who ought not to have it, and so on. We cannot have prosperity in this country until we find markets that will absorb our surplus products, because we are going to continue to produce enormously, and the hardships of our people are not yet at an end. Thousands of people in this country are still living off the money that they made during the war and in the flush times, and are not doing any business because they have not yet seen the proper channels in which to invest. I speak to-day not so much for the present; I advocate the cause of the future, and to avert the increasing accumulations of evils which will befall the country unless we do something to enlarge our markets, carry off our surplus products, and relieve the distress. If we are ever to have any foreign trade with South America, now is the time to cut loose from the old wooden ships and undertake to build it up. Mr. Roach has put forty per cent. more money into his ships than is necessary to carry flour, and all the flour to load those ships comes from Saint Louis and pays 60 cents a barrel transportation, when the regular rate down the Mississippi is 20 cents; and this additional freight comes out of the producer. These are roundabout channels of trade that ought to be and can be broken up. Let us begin by establishing regular postal and passenger communication, and after a time you will probably see lines of steamships carrying freight alone, perhaps leaving every day, and the ports of Charleston, Baltimore, and every other city on the coast will be benefited. At present we take everything from those South American countries and sell them nothing; and we are sending out of the country $200,000,000 or $300,000,000 in money to pay for their products, when we ought to pay them not in coin, but in every kind of manufactured goods. We sell England much more than we buy from her, while from these other countries we buy five times as much as we sell them. Now, if we are able to sell so much of our products to England, why not to these other countries also?

The CHAIRMAN. We sell England the cotton, and the food upon which the workmen who work upon the cotton live. The product of their industry is sent to Brazil. The money that we get from England for our cotton and food we turn over to Brazil in payment for her coffee. If we trade directly with Brazil, England will not take the food because she will have lost the business, and she will not take the cotton because she will have no demand for it. Therefore, while you will have changed the channels you will not have changed the volume of trade.

Mr. BUSSEY. I am perfectly willing to accept that proposition. We will have saved whatever amount of money is required for transportation to Liverpool, and for its manufacture, which is a large sum. Every cent of money that goes into the freight from here to Liverpool is so much taken out of the pocket of the producer.

The CHAIRMAN. That may come out of one side or the other. It is only an incident. As a matter of fact, it is in evidence that when we repealed the duty upon coffee the

amount was merely put upon the cost in the foreign market; but the fact is that you cannot sell the cotton and the food to England and also to Brazil.

Mr. BUSSEY. Not long since I met a member of Congress and introduced this subject in conversation. I told him of the immense volume of trade that we might have with South America, and that it was not good policy for us to be running off our raw material when we ought to manufacture these goods and sell manufactured articles instead of the material in its raw state. He pondered over the subject for a while and then said: "If this is the great country that you say it is, we would build up such a demand that it would raise the prices on our own people!" I am sorry to say that that man represents a cotton State, and is one of the men who make our laws. I know that every dollar's worth we can manufacture out of our raw material is a positive advantage to the people of this country.

The CHAIRMAN. If your doctrine is true, that we ought to manufacture the raw materials at any hazard, and if you would give a bonus to a steamship line in order to enable it to carry our products to foreign markets, why not also give a bonus to the manufacturer in order to enable him to produce his goods at a profit?

Mr. BUSSEY. We have done it through the tariff in a great many instances.

The CHAIRMAN. But why not tax the people at large to encourage our manufactures, so that every particle of the demand of those countries shall be supplied from the United States?

Mr. BUSSEY. That does not follow at all. That is a different case. We protect the iron interests of Pennsylvania. In 1874 there was a duty (you may call it a tax if you please) of $30 a ton upon foreign steel rails.

The CHAIRMAN. There is the same duty now. It has not been reduced.

Mr. BUSSEY. No; but you might reduce it now and it would make no difference. Why? Because you have protected that interest until you have built up an organization that will compete with the foreign manufacturer. Our manufacturers make 500,000 tons per year, while Great Britain manufactures only about 700,000 tons, and you can buy the finest steel rails here for less than $50 a ton.

The CHAIRMAN. But how much can they be bought for in Great Britain?

Mr. BUSSEY. I don't know.

The CHAIRMAN. Less than $40 a ton.

Mr. BUSSEY. Including the freight, duty, &c.?

The CHAIRMAN. Yes. If there was no duty they could be laid down here at $10 a ton less than you could buy them from our manufacturers.

Mr. BUSSEY. Well, I have not been building railroads and I don't know the details of the business. I only know that we have protected that great interest, and in doing so have taken care of our own people by giving employment to labor.

The CHAIRMAN. That is denied by the other side.

Mr. BUSSEY. Well, I do not belong to the other side. I am advocating *this* side. If you will give us a few subsidized lines, we have got industry and energy enough so that in twenty years we will have the greatest commerce on the face of the earth.

The CHAIRMAN. When you say commerce you mean——

Mr. BUSSEY. I mean the imports and exports of the country. The United Kingdom of Great Britain imported in 1876 $2,400,000,000, and she exported $1,900,000,000; showing a balance of trade against her of $500,000,000. How does she stand that? By the fact that she makes up the difference by the earnings of her commercial marine. She has to-day lines of ships running to two hundred foreign ports, and in that list they credit two lines to New Orleans; but there are really twenty-seven steamers in those two lines. We pay $100,000,000 of that for freight and passenger transportation, which goes into the pockets of Great Britain. Compare our commerce with this, only $420,000,000 of imports and about $620,000,000 of exports.

The CHAIRMAN. Those figures seem to be rather wild. If you have $300,000,000 or $400,000,000 of exports and pay $100,000,000 for freight-charges, the freight is one-quarter of the whole. That is impossible. If our exports and imports together amount to $1,200,000,000, and if we pay $100,000,000 for freight, that is one-twelfth of the whole.

Mr. BUSSEY. Eight and one-third per cent.

The CHAIRMAN. Yes. Now everybody knows that the freight-charges between this and Great Britain are nothing like that.

Mr. BUSSEY. Our exports are principally heavy products.

The CHAIRMAN. Yes; but we know the freight charge on a bushel of grain.

Mr. BUSSEY. Well, the price is 10 pence, that is 20 cents a bushel, and what percentage is that on a dollar a bushel for grain?

The CHAIRMAN. On a dollar a bushel it would be 20 per cent. undoubtedly, if you paid that rate.

Mr. BUSSEY. I am taking the great articles of export. We estimate that the freight on cotton is 20 per cent. against the English manufacturer by the time he pays freight, taxes, charges, &c.

The CHAIRMAN. But his *freight* is not that.

Mr. BUSSEY. But I am speaking not of the freight alone but of the money that comes out of the pocket of the English manufacturer. I got these figures from the message of the President of the United States a few years ago; perhaps, he was not a good authority.

The CHAIRMAN. I do not think he was on that subject; but whatever the figures may be, unless the foreign carriers make money out of that transportation, of course they do it at cost or less than cost.

Mr. BUSSEY. Well, they do not give it up, at any rate.

The CHAIRMAN. No; because they are in it and they propose to do it for a certain number of years, but it has been very unprofitable for some years.

Mr. BUSSEY. They started out to run those lines from Liverpool to New York with a subsidy of $900,000 a year to begin with, and they have gone on until they can do the business for nothing. I do not see why the same policy pursued by our own country, to a certain extent, should not enable us to establish commercial relations with a country with which we ought to have a large trade. If the English have continued in that business for 40 years, as they have done, it must pay.

England sells annually to South America $125,000,000; France about $75,000,000 worth; while the United States sells those countries but $33,000,000.

The value of the trade of some of the countries named can be better appreciated when we take the figures for a series of years.

In the last seven years we bought of China and Japan of their products	$195,000,000
And sold them	65,000,000
Mexico	95,000,000
Sold Mexico	30,000,000
Brazil and South America	336,000,000
Sold Brazil and South America	78,000,000
Cuba and Porto Rico	575,000,000
Sold Cuba and Porto Rico	125,000,000

These figures show that from these countries alone in seven years we have purchased $1,201,000,000, and sold of our products only $298,000,000, showing a balance against us of $903,000,000. Their products are no more indispensable to us than our own to them, but as they *can* purchase manufactured goods in foreign countries, and have the facilities for securing them, and as we do not grant the necessary communication, they cannot buy of us.

This country has reached the position as a producer which European nations have attained after centuries of effort, and we shall not maintain the ground we have reached and continue to prosper without wise legislation. The measures which, in my opinion, are most important I have presented to-day.

When we consider the commerce of the world and realize the insignificance of our share of it, we are forced to the conclusion that our statesmen have neglected our interests. We should become the leading commercial nation of the world. We produce the breadstuffs and provisions to supply the nations of Europe, and we have the soil to meet the wants of the world.

Our cotton crop supplies the clothes to cover their nakedness, and its production will increase as the demand increases. The world is lighted and lubricated by American oils. Our mines have furnished more of the precious metals than all the rest of the world. Our inventive genius has given the world the greatest discoveries which have blessed mankind. In every essential we have demonstrated our superiority, while we have rested on our natural advantages. England has acted and is to-day enjoying a monopoly of the commerce of the world.

I am indebted for the statistics here quoted to the Bureau of Statistics of our government, and to many able writers and journals whose efforts in behalf of an extended commerce the country should appreciate. I thank your committee for the opportunity afforded me to express these views.

VIEWS OF MR. GEORGE A. POTTER.

Mr. POTTER appeared before the committee on its invitation, and, in reply to questions by the chairman, stated that he was a merchant, residing in Brooklyn, and doing business in New York.

The CHAIRMAN. Have you studied questions of finance and trade with some attention, Mr. Potter?

Mr. POTTER. Yes, sir; I have studied the scientific side of the question of finance for twenty years. That is the reason for my being here now. I read Professor Sumner's evidence the other day, in which he substantially gave up the case so far as regards relief from political economy, and I thought the cause of science had suffered reproach, and I felt indignant and determined to come here and tell you that political economy *can* offer relief, complete relief.

The CHAIRMAN. Then please be good enough to state what solace political economy does afford.

Mr. POTTER. I will. I did it ten years ago. I want to state first the causes of our troubles. The first cause is economic ignorance, ignorance of political economy and of its applications. Sin is the parent of all evil, and there can be no social evil without the antecedent violation of social law. Economic ignorance, aggravated by the prostitution of the legislative power to the rapacity of class interests, that is what has brought us where we are. That is a general statement. Specifically, there has been excessive consumption and diminished production of circulating capital, with excessive conversion of circulating into fixed capital, which is the inevitable effect of a depreciated currency. These fatal consequences have been aggravated by unequal distribution, resulting partly from a depreciated currency and partly from the inequality of the assessment and the incidence of excessive taxation, and these effects have in turn been aggravated by the constantly increasing burden of taxation, as our international interest-bearing debts have increased, and as the prices of commodities and wages of labor have declined, thus requiring a greater quantity of each to produce a given amount of taxes in money. I reaffirm the declaration of the late Professor Cairnes (who was at the time of his death perhaps the leading mind that economic science could boast in England): "Economic ignorance when it has conceived brings forth socialism, and socialism breeds despotism, and despotism, when it is finished, issues in war, misery, and ruin." Now I propose to state what a depreciated currency is. I have charged all these results to depreciated currency. What is that?

The CHAIRMAN. That is to say, your diagnosis of the disease is, depreciated currency.

Mr. POTTER. Depreciated currency and bad legislation. A depreciated currency is any currency, whether of gold or paper, the metallic equivalent of which is in excess of the amount allotted to us by the law of distribution of precious metals throughout the commercial world.

The CHAIRMAN. Then you hold that you can have a depreciation in gold currency just as well as in paper?

Mr. POTTER. Unquestionably.

The CHAIRMAN. When there is a depreciation in gold currency what happens?

Mr. POTTER. Metallic currency flows out.

The CHAIRMAN. And goes to some other place were it is wanted?

Mr. POTTER. Yes, sir.

The CHAIRMAN. When the depreciation takes place in paper what happens then?

Mr. POTTER. The paper stays at home permanently.

The CHAIRMAN. It cannot go out.

Mr. POTTER. No, sir.

The CHAIRMAN. It is not wanted anywhere else.

Mr. POTTER. No, sir.

The CHAIRMAN. It is non-exportable.

Mr. POTTER. Yes, sir.

The CHAIRMAN. It is that kind of currency which is advocated quite extensively now in this country.

Mr. POTTER. Yes. Now science deals with facts. We must reach the causes and remedies of disease by induction. When we cut adrift from our moorings in 1862—I will take the last decade—up to that time the circulation in this country had not averaged two hundred millions of dollars of coin of the present standard, or its equivalent in paper. The note circulation of this country was less than two hundred millions. That I know from a very careful examination of the subject.

The CHAIRMAN. When it went much above that what happened?

Mr. POTTER. The banks suspended in 1857 on less than $215,000,000. That showed that the amount allotted to us was less than $215,000,000, and that we could not issue that amount of paper with safety.

The CHAIRMAN. What fixed the limit of paper that would circulate without depreciation?

Mr. POTTER. It was the law of distribution of precious metals throughout the commercial world. When we got too much paper it became inconvertible.

The CHAIRMAN. If we had had more gold and silver than we had, could we have carried more paper?

Mr. POTTER. No, sir; the total circulation, whether of metal or paper, or both together, could not exceed the equivalent of about $200,000,000.

The CHAIRMAN. It would not have made any difference?

Mr. POTTER. Not a particle.

The CHAIRMAN. In other words, you cannot use more paper than the current operations of society demand without its depreciating. Suppose you have $200,000,000 circulating and somebody puts out $28,000,000 more?

Mr. POTTER. I will state it just as John Adams stated it a century ago. He said that up to a certain point you may issue paper and it will remain at par. So it will.

The issue department of the Bank of England is regulated upon that principle. Up to a certain point you may issue paper and it will remain at par; if the issue is below that point the paper may be at a premium. I mean that for its superior convenience the paper may be worth a small premium, and if you go beyond that and issue paper forever, the whole mass, by the natural law of trade, when gold is in a state of freedom (to use Mill's expression), is only worth this limit.

The CHAIRMAN. Then, if you added gold *pari passu* with the paper you would have a depreciation of gold as well as of paper?

Mr. POTTER. You would aggravate the trouble; the whole mass of the circulation would depreciate in proportion as you added gold.

The CHAIRMAN. And the evidence would be that the paper would go into gold, and the gold would leave the country because there was a depreciation?

Mr. POTTER. Yes, sir.

The CHAIRMAN. You could increase the paper circulation to-day, could not you, by issuing fractional currency in lieu of silver?

Mr. POTTER. Yes, sir.

The CHAIRMAN. That would drive so much silver out of circulation?

Mr. POTTER. Precisely. It would drive out all silver of the same denomination.

The CHAIRMAN. And you would increase the paper up to the point where there was too much of it, and then you would have depreciation?

Mr. POTTER. Yes. That is what France did when she paid her indemnity to Germany. She had a metallic currency which she supplanted with paper, and now she is supplanting the paper with metal. I do not mean that France issued an excess of paper; she only issued enough to displace her coin. She sent her metallic currency, or a great portion of it, into Germany, partly by actual coin payment and partly by bills of exchange on London, and gave them a metallic inflation there, and then sold them goods and got the money back again.

To resume the argument, what has occurred since our circulation was at the point I have stated? Our population has increased say fifty per cent. Now, other things equal, the limit allowed to us would be increased fifty per cent. But other things are not equal. You know that the proportion of money to commerce decreases where there is an advancing civilization. The actual circulation of England has not increased, except in speculative periods, beyond £40,000,000 for a century (during the restriction upon cash payments from 1797 to 1821 the combined circulation of the Bank of England and the country banks never reached £50,000,000, and a good deal of that was one-pound notes); proving the law that the proportion borne by money to commerce decreases as civilization advances.

The CHAIRMAN. In other words, the other instruments of exchange are improved and take the place of money to a certain extent.

Mr. POTTER. Yes; an improvement in the mechanism of exchange, as Jevons says. That influence is always at work. In 1837, paper became inconvertible here on a *per capita* rate of over nine dollars; in 1857, it became inconvertible on a *per capita* rate of seven dollars. So far as that fact is of value, it goes to show that the *per capita* rate is constantly decreasing. Among the causes of that decrease are payments by telegraph and by postal money-orders, the substitution of checks for money in retail payments, and the general machinery of more rapid circulation, including a more rapid transmission of the mails.

The CHAIRMAN. But as you depreciate the currency the *per capita* rate goes up, does it not? When the currency becomes depreciated does not the community use a larger *per capita* amount?

Mr. POTTER. Certainly, that is depreciation. There is no end to it. It is like rum; when your system is thoroughly debauched you have to keep drinking till you die. The abolition of slavery, some people think, demanded an increase of currency. That is a mistake, because the circulation is the instrument which circulates the commodities of the country. The abolition of slavery altered the distribution, but it has not changed the volume unless to diminish the quantity. Although the *per capita* rate was a little over six dollars during the last decade, it is less than that now. Then there is another influence at work which no writer except John Stuart Mill and myself, so far as I have been able to discover, has ever noticed, and it is very important. When we began to export interest-bearing bonds in 1865, the question suggested itself to my mind—What effect is this going to have on the currency and on the limitation of it? I thought over it a great deal, as it was a subject that required thought, and I finally reached my conclusion, and afterwards in reading John Stuart Mill's Principles I accidentally found that he had reached the same conclusion upon the same point. (See Mill's Principles, Book III, chap. xxi, section 4.)

The CHAIRMAN. What was it, please?

Mr. POTTER. I will say that with $200,000,000 circulation before the war, the equation of international demand, as Mill calls it, was maintained by exportation of our bullion product. Under that quantity of paper, we exported the products of our mines. But we had then no interest debt, or a small one. We have now a very large interest

debt. According to Mr. Sherman, it does not amount to much, but Mr. Sherman cannot tell us what it is. We know, upon principles of political economy, that it must be very large and, at irregular intervals, increasing all the time. Suppose now that instead of having no interest account in 1860, we had had an interest account of $100,000,000, what then? Why, under the then existing condition of things, we should have had to pay $100,000,000 of bullion more than we did pay. But we did not have it. What then? Why, then we should have had to reduce the prices of our goods.

The CHAIRMAN. That is, we would have had to induce them to take something else besides.

Mr. POTTER. Yes, sir; we would have had to make our metallic prices lower by reducing the volume of our circulation, or by exporting bonds and going, consequently, into bankruptcy; or by being thrown into suspension, so that the price of gold would advance, thus reducing the metallic equivalent of the paper circulation so that our creditors would take more commodities from us and we should take less from them.

The CHAIRMAN. You are talking now about a circulation that is on a par with gold?

Mr. POTTER. Yes, sir.

The CHAIRMAN. If it had been a depreciated circulation that would not have happened?

Mr. POTTER. We would have paid in bonds then.

The CHAIRMAN. That is, in an evidence of debt?

Mr. POTTER. Yes, sir. Now, political economy is an inductive science, and all we say is that these influences that have been in operation are still in operation, and have an effect, but nobody can measure that effect. I think, however, it is perfectly safe to say that, taking all these things together, the limitation is quite as low as it was, and we cannot carry now more than $200,000,000 in paper convertible into coin of the present standard, dollar for dollar, and have prosperity in this country, and still have our metallic prices on a level with the international prices.

The CHAIRMAN. I want to get that clearly understood. You have given the example of Great Britain, as evidence that the circulating medium does not increase, although her business has enormously increased within the past forty years.

Mr. POTTER. Yes, and I have given examples of suspensions in this country on a *per capita* rate of nine dollars (in 1837) and seven dollars (in 1857).

The CHAIRMAN. And I understand you to say that the law which has produced that state of things in Great Britain is the same law that is operating in every other country where specie payment exists.

Mr. POTTER. Yes, wherever civilization is advancing, wherever telegraphs and railroads are being built (and they have been built here more rapidly than anywhere else in the world), that law operates.

The CHAIRMAN. And, therefore, you do not think we can maintain a larger volume of redeemable paper money now than we did before the war.

Mr. POTTER. If I correctly measure the extent and power of those influences, I know it.

Mr. HENRY KEMP [an auditor in the committee-room]. Mr. Chairman, with your permission, I should like to correct Mr. Potter on one point. The British circulation has increased six millions in paper, and I suppose the gold circulation has increased from 30 to 80 millions: and the Scotch circulation, which is paper alone, has increased from four millions to six.

Mr. POTTER. You suppose that the gold circulation has increased; how do you know it?

Mr. KEMP. The paper has increased six millions, any way.

Mr. POTTER. Well, it has driven out the coin probably. How do you know that the gold has increased?

Mr. KEMP. You won't accept my estimate of the gold increase, and now I give you the paper increase.

Mr. POTTER. But I want to know how you know that there is more gold in circulation now.

Mr. KEMP. I will give you another reason, because the Bank of England before 1845 never held more than $22,000,000 in gold, and now it holds $35,000,000. Everybody estimates the quantity of gold at more than double what it was at that time.

Mr. POTTER. John Stuart Mill is my authority.

Mr. KEMP. Jevons is mine.

Mr. POTTER. How much did you say it was?

Mr. KEMP. From 80 to 100 millions in gold circulate in England.

Mr. POTTER. And how much paper circulation?

Mr. KEMP. About forty-six millions. It was not over thirteen millions twenty years ago.

Mr. POTTER. Well, call it forty-six. It does not make any difference. I think I know what I am talking about.

The CHAIRMAN. I see that you do.

Mr. POTTER. You know, Mr. Chairman, that by virtue of the act of 1844, the circulation of the private and joint-stock banks in England was gradually being retired.

The CHAIRMAN. Certainly; I think this gentleman's statement of the Scotch circulation is right, but whatever it is we know that the paper circulation of Great Britain is not increasing in the same proportion that her business is increasing.

Mr. KEMP. The reason why the bank-note circulation does not increase is because checks come in for a five-pound note but they cannot come in for a sovereign, but the prosperity of England makes her circulation of sovereigns increase, and no economist puts it at less than seventy or eighty millions.

Mr. POTTER. I say that no human being knows how much gold coin there is in circulation in Great Britain, and you cannot find it out unless you seize every man at a certain hour on a particular day and search his pockets, and even then you could only approximate it. The British sovereign is in circulation all the way to the Indies. I have passed it myself in Gibraltar, Malta, Alexandria, Cairo, Suez, Aden, Galle, Penang, Singapore, Java, and China; it circulates all over the globe.

The CHAIRMAN. Yes; I have passed it myself all over the continent.

Mr. POTTER. Certainly, it circulates everywhere. No human being can know just how much of that coin there is in circulation in or out of England, and therefore there is no use in talking about it. Let us talk about what we know; that is a big enough thing for us to handle. I wish to say that I am discussing a question of principle rather than of fact to show that the volume of circulation does not and need not increase in a country whose civilization is advancing. On the contrary, it may be actually diminishing while consumption, production, and exchange, and population also, are at the same moment increasing, owing to refinements in the mechanism of exchange. Mill says, "The bank-note circulation of Great Britain and Ireland seldom exceeds forty millions, and the increase in speculative periods at most two or three."* Jevons in 1875 put the *issues* of private and joint stock banks of England at about £6,460,000, Scotch banks, £2,750,000; Irish banks, £6,350,000; making in all about 30¼ millions; to which must be added about 14½ millions issued by the Bank of England upon the security of government stock—total about £45,000,000.† But although the combined issues of the United Kingdom at that time reached this amount, it by no means follows that the circulation exceeded or even touched £40,000,000. The reserve of notes held by the numerous newly created private banks, and the conservative action of the Bank of England in recent years with reference to her reserve of notes, and the fact that Bank of England notes circulate to a considerable extent on the continent, and may be found in different parts of the world as well as in New York, shows that the *circulation* of Great Britain might be less than £40,000,000, though the *issues* reached even £50,000,000. All estimates as to the amount of coin in circulation in Great Britain are illusory and vain. If the actual circulation increased materially it would become depreciated at once. It should be understood that there has been a universal monetary disturbance during the last fifteen years. There is another law to be considered in reference to circulation. Adam Smith laid it down, and it is a most remarkable fact that no writer, so far as I have been able to discover, has ever noticed it excepting Professor Rogers in his edition of the Wealth of Nations. Even Mr. Mill did not understand this principle. The law is, that the circulation in every country is divided into two great branches, namely, the circulation between the dealers themselves (*i. e.*, checks) and the circulation between the dealers and the consumers (*i. e.*, notes and coin), and Adam Smith says, what is very obvious, that the value (price) of the goods circulated between the dealers cannot exceed the value (price) of the goods circulated between the dealers and the consumers.

The wholesale prices of merchandise cannot permanently rise above the retail prices of merchandise, and the retail prices are governed by the quantity and activity of the circulation. So that the limitation finally comes upon the money. The mechanism of exchange is modifying this to a certain extent, so far as checks are passed in retail payments, but we cannot ignore the great and important fact that the currency of a country is divided into two distinct branches moving in two distinct circuits. John Law started an abstract currency, a currency without any specific standard, based on confidence, based on an idea; you could issue what Montesquieu called "ideal money" *ad infinitum* if you had confidence; but the trouble is you cannot keep house on confidence, and confidence has to give way at a certain point to the cry of *sauve qui peut;* you must have the concrete money somewhere, the hard fact, metal, which is the money of the world, and the money of God, too.

The CHAIRMAN. I asked a previous witness what authority he had to speak for the Almighty, and I think I shall have to ask you what evidence you have that gold and silver alone are God's money.

Mr. POTTER. Evidence that God created gold and silver for money? Just the same evidence of it as that he created the atmosphere to breathe and water to drink, and wheat as material for the food of civilized man.

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*J. S. Mill's Principles, edition 1867, Book III, Chapter XII, section 5.

†Money and the Mechanism of Exchange, by Jevons. Appleton's edition, p. 313.

The CHAIRMAN. Your reason is because those metals have been used for that purpose?

Mr. POTTER. Because from time immemorial the money of the world has been gold and silver—gold *and* silver, and the harmony of the social universe cannot be maintained without both.

The CHAIRMAN. But you said a little while ago that a certain amount of paper would circulate without depreciation.

Mr. POTTER. Undoubtedly.

The CHAIRMAN. Then why is not that money, to the extent that it will circulate?

Mr. POTTER. So it is, by virtue of its being used as the great wheel of circulation. You can make the wheel of circulation out of paper, but it must be adjusted with reference to the precious metals.

The CHAIRMAN. In short, you assume that it is a divine ordinance that money shall consist of gold and silver, because it always has been so. Before railroads were invented, the principal and the best method of transporting goods was by water.

Mr. POTTER. Yes, sir.

The CHAIRMAN. Now, might not a man at that time have been justified on your principle in saying it is the ordinance of God that the proper mode of transportation and travel is by water and in no other way?

Mr. POTTER. I think not. The world got along without railroads, but not without gold and silver for money. It is true that Lycurgus issued iron money, but his object was to repress commerce, and he succeeded.

The CHAIRMAN. It seems to me so.

Mr. POTTER. Mr. Chairman, there are propositions of natural law which are true, and yet all we know about them is that they are so. There are certain things in the universe which are mysterious, but which exist, and all we have to do is to accept them. We cannot explain them; we cannot explain God. Aristotle tried to find him out, but did not succeed. I suppose there is some power outside of and superior to the government which prescribes to us the use of the precious metals as money, or as a standard by a reference to which we must adjust our circulation if it consists of paper. I do not know of any external and superior power but God, who is the author of the social universe. The precious metals "became universal money," said Turgot, "not because of any arbitrary agreement among men, or of the intervention of any law, but by *the nature and force of things.*"

The CHAIRMAN. I will not go into that discussion, because it would not help us at present.

Mr. POTTER. Now we have 650 millions of paper in circulation. We find that the law of distribution of the precious metals has limited us to 200 millions, and our government has been selling down gold to par and trying to resume specie payments, but the attempt will not succeed; it will break down. I say it on the authority of law, it will break down, and perhaps amid disaster. Of course when you increase the metallic equivalent of the circulation, you have a depreciated currency. Mr. McCulloch sold gold down on an undiminished paper circulation, and I went to Washington in the winter of 1867–'68 to tell him of this law, and had several interviews with him, trying to make some headway with him, but he did not seem to understand it and I gave up the attempt. It is an axiom that, given the volume of inconvertible currency, the depreciation is in inverse proportion to the *agio.*

The CHAIRMAN. Inasmuch as the volume of paper has not been materially diminished since then, how do you account for its gradual approximation to the value of gold?

Mr. POTTER. By the increased sluggishness of the circulation. The value of money depends on its quantity multiplied by the rapidity of the circulation—by its momentum, and we have a sluggish circulation. That is what is the matter. That is what explains it. We have a sluggish circulation, and so we have prices and wages and gold down, notwithstanding our six or seven hundred millions of paper monetary units, but if the country were in a prosperous state, as it would be under good statesmanship, then with such a volume of circulation as we have, prices would be up and gold would be up.

The CHAIRMAN. Gold would rise then?

Mr. POTTER. Yes; gold would rise; gold ought to rise; and we ought to have legislation to put it up.

The CHAIRMAN. Then, according to your view, when prosperity comes we shall have the old premium on gold?

Mr. POTTER. Yes; that is what I want. Old things are good after all.

The CHAIRMAN. Do you think it desirable that we should have a paper currency in circulation which is not convertible into gold?

Mr. POTTER. I think we cannot help it. By convertibility I understand you to mean convertible at its face denomination into coin of present standard.

The CHAIRMAN. Can't we retire it?

Mr. POTTER. No, sir; there is no instance in human experience where such a currency has been retired. It cannot be done.

The CHAIRMAN. Why not? In France, recently, they have been under suspension and they have been reducing the amount of notes steadily until they have got back to resumption.

Mr. POTTER. I stated a while ago what they did in France, and Victor Bonnet has stated that it was a complete vindication of the economic law. France supplanted her metal with paper, and then supplanted her paper with metal, but at no time was she above her natural volume.

The CHAIRMAN. But we did retire twenty-eight millions in 1874.

Mr. POTTER. Yes; but we put silver in its place.

The CHAIRMAN. But your proposition is that we can go one way, but not the other; that we can enlarge, but we cannot contract.

Mr. POTTER. Yes; that is my proposition; the descent to hell is easy, but we cannot get back.

The CHAIRMAN. Thus far I have been able to follow you with great satisfaction, but I really cannot see why this government cannot sell one or two millions of its bonds for greenbacks and take the proceeds and tear them up.

Mr. POTTER. The moment you begin to sell bonds and retire paper you raise the value of paper, because that is the object of retiring paper, and you begin to produce such a state of things as we had in 1873. You raise the value of paper, and consequently precipitate bankruptcies, and cause a run on the savings-banks; you create a panic, and you have to reissue more than you have taken in. You cannot get money in circulation without lowering the rate of interest, and you cannot take it out of circulation without raising the rate of interest, and when you raise the rate of interest you stop the sale of bonds.

The CHAIRMAN. Is there not a fluctuation in the amount of paper in circulation?

Mr. POTTER. Of course there is a fluctuation. There is a flux and reflux at the money center, according to natural law, and this phenomenon is very marked in a country of such territorial extent and vast agricultural product as ours. And if you take paper out of circulation during the flux, you interfere with natural law, prevent the reflux, and produce a social convulsion which can only be relieved by a reissue of more paper than you took in.

The CHAIRMAN. Can't we make steady progress down towards a lower volume of paper circulation?

Mr. POTTER. You cannot.

The CHAIRMAN. Didn't Mr. McCulloch do it?

Mr. POTTER. No, sir; he did it until the people put their heel on him, and very properly, and not a moment too soon.

The CHAIRMAN. But he went down at the rate of four millions a month, and he got to a point where specie payment might have been resumed, I suppose.

Mr. POTTER. No, sir; the people stopped him because he was throwing them into bankruptcy and destroying the public revenue.

The CHAIRMAN. Yes; but he did it until the people stopped him.

Mr. POTTER. Then how are you going to do it if the people prevent you? The people, said Mr. Webster, "are so well schooled in the great doctrine of free government that they are competent to teach first principles even to their rulers, if unhappily such teaching should become necessary."

The CHAIRMAN. Is it not possible for a government which owes a demand debt, which you admit a greenback is——

Mr. POTTER. No, sir; I do not admit that.

The CHAIRMAN. Look at it. It says on its face that the United States will pay one dollar.

Mr. POTTER. Yes; but when? The greenback is what is known to the Constitution as a bill of credit, issued in lieu of a tax, and the difference between what it was issued at and what it was finally redeemed at falls as a tax on the people who otherwise would have paid taxes in the first instance.

The CHAIRMAN. But we have fixed the time.

Mr. POTTER. You cannot pay it at its face denomination in coin. "Man proposes, but God disposes."

The CHAIRMAN. Can't you take the $150,000,000 now lying in the Treasury and exchange them for $150,000,000 of these greenback notes and put the notes in the fire?

Mr. POTTER. Yes, without affirming it, I suppose you can; and then your gold will sooner or later go out of the country or into hoards or into the banks, and you will have to issue paper again.

The CHAIRMAN. But is it not *possible* to do that, and so to reduce the amount of our paper circulation?

Mr. POTTER. No, sir.

The CHAIRMAN. Then you state this proposition: that when a nation reaches our present condition there is no help for it; it must stay there forever and ever.

Mr. POTTER. I say that we have got to do as all nations have done, as our fathers did, as they did in Austria, as they have had to do in all countries wherever they have had to deal with inconvertible paper issued to meet the unproductive consumption of war. There are only two ways. One way is to pay it at what it is worth by the natural law of trade. If it is worth 30 cents on the dollar, let gold go up and resume specie payment on that basis. In every instance where paper has been issued for war expenses and paid, it has been paid in that way. There has never been a contrary instance in the history of the world.

The CHAIRMAN. But there may be an instance. The resources and the honesty of this nation may be such that we shall be able to set the world an example of that kind.

Mr. POTTER. It is not a question of honesty. It is a question of natural law, and must not be judged by moral law or civil law or political law. You cannot do it any more than you can lift yourself by pulling on the straps of your boots. When you undertake to sell bonds what do you do? You offer a thing that is going to be cheap in exchange for a thing that is going to be dear. People are not going to trade with you on those terms. This government paper money is altogether different from a bank circulation. In the first place, even if this were a bank circulation and this money had been all issued and diffused and settled, and our economies adjusted to that system, this volume would be just as necessary to us now as 200,000,000 or less were before the war.

The CHAIRMAN. As a matter of fact, have we not reduced the volume of paper money?

Mr. POTTER. I think not.

The CHAIRMAN. Then you deny the Treasury returns.

Mr. POTTER. I take silver into account.

The CHAIRMAN. But I am speaking of the paper.

Mr. POTTER. Yes, the paper has been reduced; but by the act of June 20, 1874, the national banks were released from the obligation of maintaining a legal-tender reserve against their circulation, and this amount has been added to the circulation.

The CHAIRMAN. And if we have done it once, can't we do it again?

Mr. POTTER. But you are putting out silver.

The CHAIRMAN. But we have got rid of so much paper.

Mr. POTTER. Yes, but you have thrown thousands of people out of employment and brought bankruptcy and ruin upon thousands of others, and you have not advanced one inch toward the restoration of the specie standard; we have sunk to our chin in bankruptcy, and taking paper and silver together have not reduced the circulation a dollar.

The CHAIRMAN. That may be; but don't you admit that we have got rid of the paper in that way?

Mr. POTTER. No, sir; I deny it. I say that you have reduced paper to a certain amount, but, including trade-dollars and old silver coinage, a dollar of silver has come into circulation for every paper dollar you have taken out.

The CHAIRMAN. Where is the silver? It is not in circulation. We have taken in a certain amount of fractional currency, and we have taken in many millions of greenbacks, forty or fifty millions, and there is no silver put out in place of them.

Mr. POTTER. Yes, sir.

The CHAIRMAN. Where is it?

Mr. POTTER. A friend of mine had paid to him the other day $200 in fractional silver coin, all old coinage that has come into the circulation from hoards, and the man who paid it to him said that he had been paid $1,000 of the same sort in the same way.

The CHAIRMAN. But there have been coined less that ten millions of silver, and of that 70 or 80 per cent. is lying in the Treasury, and the Secretary has issued a circular asking the public to take it and they won't do it.

Mr. POTTER. I do not say that you cannot reduce your paper ten or fifteen millions, but I do say that if you succeed in doing that you will probably have to reissue twenty millions to repair the damage resulting therefrom.

The CHAIRMAN. That is your assertion.

Mr. POTTER. It is a law of political economy. I say you cannot reduce the circulation to that extent, or to any other considerable extent. There has been complaint about contraction, but there has been no contraction; there has been an increase in the sluggishness of the circulation which has the same effect as contraction, and if you undertake now to aggravate that by reducing the volume of circulation you precipitate a crisis upon us at once, and imperil the existence of social order.

The CHAIRMAN. If we reduced the volume one-half and made it circulate twice as fast, would not it perform the same function? What difference would it make to the community?

Mr. POTTER It would not make any difference; but how are you going to circulate it as fast?

The CHAIRMAN. The business of the country being on the basis of this sluggish cir-

culation, if you let the business alone and at the same time reduce the amount of the currency, it will of itself circulate more rapidly, will it not?

Mr. POTTER. All I can say is, try it.

The CHAIRMAN. We are trying it.

Mr. POTTER. When banks withdrew their circulating notes what did they do? Did they sell the securities? No; they curtailed their loans and discounts, they applied force to their debtors, and they precipitated wholesale prices, and coin came from abroad and the circulation flowed back by natural law. The banks forced their debtors; but in this case the government attempts to apply force to its own creditors; can anything be more absurd? The distinction is radical and complete. There is no analogy between a bank issue and government paper issued for commodities that are destroyed and gone forever. When the currency depends upon the movements of banks of issue and discount, the increase of deposits precedes the increase of circulation, and the stock market and wholesale prices of commodities first feel the influence of an inflation; but when the currency depends upon the political action of a government is issuing bills of credit, the increase of circulation precedes the increase of deposits, and retail prices of commodities first feel the influence of an inflation.

The CHAIRMAN. I find that in 1865 the total paper circulation was $983,318,686; in 1878 it was $688,597,275. The difference between the two is very nearly $300,000,000, and to that extent we have succeeded in reducing our paper money.

Mr. POTTER. A good part of that nine hundred and eighty-three millions was compound interest notes.

The CHAIRMAN. But I find this remarkable thing, that, reducing this circulation to a gold value, it is almost entirely uniform from 1865; in other words, I find that the purchasing power of the currency at that time, when measured in gold, was $692,000,000, and now our paper circulation measured in gold would buy $694,000,000 worth, showing a difference of only $8,000,000 between the two periods.

Mr. POTTER. I do not believe all the statistics I see in the newspapers.

The CHAIRMAN. This is taken from the official report of the Secretary of the Treasury.

Mr. POTTER. Well, I do not believe that. I know that when Mr. McCulloch undertook to contract and the people stopped him, there were three hundred and fifty-six millions of legal tenders out, and they remained out until the panic of 1873, and there were about three hundred millions of bank-notes in circulation.

The CHAIRMAN. That was in 1868, was it not?

Mr. POTTER. Yes.

The CHAIRMAN. The amount was three hundred and fifty-six millions and it remained without any change whatever until 1871, and the national bank-note circulation that time was also pretty nearly unaltered. There was almost a uniform amount during of paper out for that whole period.

Mr. POTTER. Yes.

The CHAIRMAN. And the purchasing power of it also was almost the same.

Mr. POTTER. I am almost afraid that I misunderstood you, Mr. Chairman. Did you include bank-note circulation?

The CHAIRMAN. Certainly; bank-note and legal-tenders.

Mr. POTTER. What do you say it was?

The CHAIRMAN. In 1865 it was nine hundred and eighty-three millions, and now, at the time of the Secretary's report, it was six hundred and eighty-eight millions, in round numbers. The conclusion from these figures is that, measured by gold, no matter what amount of paper you have out, the result is practically the same in a country like ours, doing a large commercial business.

Mr. POTTER. Yes, if the gold is in a state of freedom, and the government does not tamper with it.

The CHAIRMAN. I find some fluctuations due to government interference with gold, but the Treasury has not sold any gold for about a year.

Mr. POTTER. No; the Treasury Department sold gold and bought bonds, which it should not have done, and now it is buying gold and selling bonds, which it should not do. It must always be doing something outside of its legitimate business of collecting and disbursing. There was an inflation in 1865, and there is now. In 1864 gold went up to 285, but when the Germans began to take our bonds gold began to drop. When you issue paper money to supplant gold, the first effect is a natural drop in the price of gold itself, and this is what constitutes depreciation. It does not keep up. Why? Because it is demonetized. It falls of its own weight, naturally. So it was here. But when the Germans began to take our bonds, it went down still more on that account. Then the government began to sell, and finally hammered gold down nearly to par on six hundred and odd million dollars of paper, thus greatly aggravating the difficulty. That is the explanation of the depressed condition of the country.

The CHAIRMAN. It is true that we are depressed, and that may be the cause. But there is depression in England, France, and Germany. Is that the cause of their depression also?

Mr. POTTER. It is, in England, to a great extent; but the German depression was caused, as I have stated, by metallic inflation, which is just about as bad as paper inflation, except that metallic inflation remedies itself in time.

The CHAIRMAN. But you say that France kept her currency at the normal amount all the time?

Mr. POTTER. Yes.

The CHAIRMAN. Yet they have depression in France.

Mr. POTTER. Sympathetically they have. The whole commercial world suffers from a violation of political economy in any one nation. The other day you had a witness here, Mr. Horace White, of Chicago, and when you asked him about the cause of the depression he said it was owing to a reaction from an era of speculation; one of a series of crises which have taken place in all countries except France. You asked him why, and he said it was because the people of France were not of a sanguine temperament! They were sufficiently sanguine in John Law's day, I thought. I will tell you why France has not had crises. It is because she has the double metallic standard, and substantially a metallic circulation; she has the best currency in the world. That is the grand secret.

The CHAIRMAN. But you say that we cannot get back to a metallic circulation.

Mr. POTTER. I say we can only get back to it by advancing the price of gold on whatever paper we have; the moment you advance the price of gold you increase the rapidity of circulation. A rapid circulation means much more than the rapid exchange of money; it means rapid consumption, production, and exchange; an increase in the division of labor, greater cohesion of the parts of the social body, and many other results, which may be summed up in one word, prosperity.

The CHAIRMAN. But how would you put up gold?

Mr. POTTER. Buy it. Let the government undo what they have done and buy gold, if necessary, in order to raise the price.

The CHAIRMAN. Would you put out more paper now?

Mr. POTTER. No; unless to pay for gold purchased.

The CHAIRMAN. You would merely put up gold.

Mr. POTTER. Yes, sir.

The CHAIRMAN. Well, let this government offer 150 in greenbacks for gold to-morrow——

Mr. POTTER [interrupting]. That is what they ought to do. You must advance the price of gold or reduce the volume of paper. If you can reduce the paper, all right; but can you?

The CHAIRMAN. I agree with you that reducing the paper will produce the effect, but you insist that we must go back and pass through all this trouble over again.

Mr. POTTER. No, not through trouble, through happiness. The trouble is in attempting to resume upon our present volume of paper. You cannot do it, and Mr. Sherman does not wish to do it unless he is a fool, which I have not supposed was the fact. Of course, when gold began to go down on an undiminished volume of paper, that increased the metallic equivalent of the circulation, and before the motion of the circulation became sluggish, metallic prices rose here very rapidly as the price of gold went down. Is that clear?

The CHAIRMAN. No; I understand you to say that currency prices rose as gold went down.

Mr. POTTER. No, sir; to illustrate, suppose a barrel of flour is worth $20 in currency; with gold at 200, it would be worth $10 in gold. Now, if gold goes down to 150, that increases the gold price of that flour to more than $13, does it not?

The CHAIRMAN. I think not; I think it is worth just $10 in gold as before.

Mr. POTTER. No; the currency price remained nearly the same. It did not go down as fast as the gold.

The CHAIRMAN. That is a question of fact.

Mr. POTTER. It is a fact. And that is the explanation of our excessive imports. I wish to explain that when the paper price of gold goes down, the paper prices of commodities do not follow until increased sluggishness of the circulation drags them down; and until paper prices are dragged down the result of the decline of the paper price of gold is an advance in the metallic price of commodities. When you sell down the price of gold on an undiminished volume of paper you produce a metallic expansion, and this is precisely what Mr. McCulloch did when he was at the same time urging contraction.

The CHAIRMAN. But as gold has fallen in value our imports have diminished and our exports have increased.

Mr. POTTER. That is because the circulation has finally become sluggish under the excessive imports of past years.

The CHAIRMAN. But gold has fallen in value; and you say that the imports would increase in that state of things, but in fact they have diminished. You say also that the exports would diminish, but they have increased.

Mr. POTTER. I said that the imports increased up to a certain time, when the slug-

gishness of the circulation became so great that gold went down, and currency prices did not and could not go down *pari passu*, and then of course the result was an advance in metallic prices. Is not that correct?

The CHAIRMAN. You only state a fact, that if the price falls in currency and does not fall in gold relatively, the ratio is changed.

Mr. POTTER. That is what I mean. Now the currency prices have gone down on a level with gold on an undiminished volume of paper; but if the country were as prosperous as before the war and the circulation rapid, that ought not to be and would not be, if average paper prices depend on the quantity and activity of the paper circulation and not on the price of gold.

The CHAIRMAN. But now that they are down to a gold basis, wouldn't it be a good thing to keep them down by retiring the paper?

Mr. POTTER. If you can, without reference to the public and private indebtedness and to the maintenance of social order. As a scientific experiment it would be very interesting.

The CHAIRMAN. We can, by retiring paper.

Mr. POTTER. And putting gold in the place of paper. Then you have got a metallic inflation.

The CHAIRMAN. Well, if we could go on with that process to where we had nothing but metallic inflation until there was a surplus of gold, you say it would go out to other countries.

Mr. POTTER. Yes; but not, probably, till the circulation began to grow active, and then you would have to reissue your paper in order to supply the vacuum created by the exit of gold. I do not wish to speak authoritatively on this point. "Political economy, to be scientific, must be constantly inductive." No such experiment has ever been made, and I cannot, therefore, confidently affirm exactly what would take place. I suppose one of two things would happen. Either the gold would remain in circulation or it would not remain in circulation. In the former case we should have a permanent depreciation, created at great cost, and involving the destruction of society. In the latter case we should have an involuntary contraction of the volume of circulation, which would have to be met by a reissue of paper. In any case the excess of metal would eventually disappear, but how or under what circumstances we can tell better after the event.

The CHAIRMAN. Why? When you say we have already more paper than enough to maintain itself.

Mr. POTTER. Because our economies are adjusted on a circulation of 600,000,000 or more of monetary units.

The CHAIRMAN. I think our economies are adjusted to gold values, because I can sell anything I have to sell in paper and go and buy gold with the paper at less than a half per cent. and brokerage.

Mr. POTTER. That is the cause of the depression—perhaps I should say it is the evidence of our sad condition; it is a most lamentable and serious fact.

The CHAIRMAN. Proceed with your statement.

Mr. POTTER. I was going to say that imports did come in, and they came in because there was an advance in metallic prices, and we sent out our bonds, and that was the secret of our great foreign indebtedness. Then the circulation became sluggish. Of course when imports came in we could not employ circulating capital here in competition with foreign commodities at a profit, and so men began to build up these railroads. The circulating capital hid itself in railroads and houses, because railroads and houses could not be imported, otherwise it would have been consumed. Thus there was an excessive conversion of circulating into fixed capital. We could not produce commodities here in competition with Europe with our enormous metallic equivalent of paper in circulation, and circulating capital sought safety in building houses and railroads, in investment in corner-lots, and so on; and Mr. Boutwell aggravated that by gathering up the products of industry through excessive taxation and putting them into Wall street, thus reducing the rate of interest and making a market for railroad bonds. I pointed all that out in the Evening Post at the time when it was going on. I stated that the government was doing just what a bank of discount and deposit would do if it loaned its resources on the security of fixed capital; that if a bank of deposit did that, it would be wound up as the nation is being wound up. That is the trouble with the savings-banks now. Their assets are in fixed capital (real estate) and their liabilities in circulating capital (money). The average of currency prices has come down on a substantially undiminished volume of paper. There is the difficulty. There is the phenomenon. If we had only $200,000,000 of paper out, this condition of prices would be all right. Taxation has been maintained not quite so high in money value, although municipal taxes have been heavy. But as commodities and wages went down, of course taxation increased, and that is one of the causes of our trouble. This so-called balance of trade in our favor is disastrous, because it is so much more capital going out than is coming in, when there is already a deficiency of circulating capital, and the country is growing worse and worse all the time. The circulating

capital of the country is being consumed; the business failures show this. This is not mere theory. The fact that the prices of real estate have constantly declined, and are continually declining, is a proof that the disparity between circulating and fixed capital is increased. The circulating capital is growing less, and what is left of it is, by the power of interest and by the unequal distribution resulting from class legislation, being concentrated in the hands of a few. If the net product of industry is only 3 per cent., then the power of interest at 7 per cent. will in time gather all the circulating capital and much of the fixed capital of the country into the hands of the moneyed class, and then you have got to issue more paper money to redistribute the circulating capital again, and that is the secret of this cry for more paper money.

Now, the remedy is to increase the rapidity of the circulation at once, or as soon as it can be done. We must not experiment longer with this currency question; these experiments are interesting to the student of political economy, but they are death to the nation. Mr. McCulloch had his experiment, Mr. Boutwell his, Mr. Richardson his, and Mr. Sherman has his, and society, in the mean time, is like a dog that is being experimented upon and poisoned to death with the poisonous drugs of financial quacks. They have refunded a portion of the public debt at 4 per cent., and they have brought about a condition of things in which it is harder for us to pay 4 per cent. than it was to pay six. They have injured both the tax-payer and the bondholder. The remedy for this condition of the social body is the same that has always been applied. There is not a solitary instance in history where a paper circulation issued by a government to excess for the unproductive consumption of war has ever been paid at its nominal face value in coin or withdrawn from circulation by the volition of society. It has always been disposed of at a certain rate in gold, or the issues have been increased from time to time until the whole fabric has been destroyed. That is the law of the matter and that is the only way out; that is the invariable experience of mankind, and "we cannot argue the seal off the bond."

The CHAIRMAN. I wish to say, Mr. Potter, that I have your book, which I shall examine very carefully and which I think contains a great deal of what you have stated here to-day. Your views are very instructive, but I think you have failed to explain how you would increase the rapidity of circulation.

Mr. POTTER. It will increase itself the moment you advance gold.

The CHAIRMAN. But who shall put up gold?

Mr. POTTER. The government; the government put it down, let them put it up again and let it alone. As Mr. Mill says: "An inconvertible paper currency regulated by the price of bullion will conform in its variations to a metallic currency." He was speaking of "a fraudulent tampering with the price of bullion for the sake of acting on the currency." He did not believe that any government in open day could do such a thing. It was reserved for us to show that it could.

Mr. H. C. ROBINSON, an auditor, by the permission of the chairman and of Mr. Potter, put to the latter the following question: When the government shall have put up the price of gold, on your theory, how will the government pay off its greenback debt?

Mr. POTTER. At the rate of three and a half to one.

Mr. ROBINSON. Would you pay it off right away, or by the government's advertising to buy a certain amount of greenbacks at the market rate and pay for them in gold.

Mr. POTTER. No; we have got to adjust it on this ratio first, and then we may resume specie payment, and we can retire greenbacks then, because the gold will come into circulation and stay there. We may supplant the paper with coin at the rate of 3½ to 1 or in certificates of redemption payable in coin on demand.

Mr. ROBINSON. But on the principle of exchange of equivalents, I don't see how you can fix the value of greenbacks in gold except by the fact that persons who have greenbacks are willing to exchange them for gold at a certain rate.

Mr. POTTER. I would have government gradually buy gold, put it up, and whenever gold got up to 350, or whatever the figure might be, I would make three and one-half of greenbacks legal tender for one of gold. I would have the government say, "We will convert at the Treasury on that basis; we will buy at 345 and sell at 350." By the act of 1844, the Bank of England is obliged to buy all gold bullion offered at a certain price.

Mr. ROBINSON. You said a while ago that if Mr. Sherman should take in $1,000,000 in greenbacks and issue an equal amount of gold dollars the transaction would produce such a change in the values of exchange as to send that $1,000,000 out of the country. How is an exchange of equivalents going to produce the effect to send that out of the country?

Mr. POTTER. I did not say that with reference to the present state of the circulation. I have said that our economies are adjusted to this volume of paper. We have $600,000,000 of paper, and if you put gold out instead of paper, then you have metallic inflation, and the circulation is so sluggish that we will have to adjust it to that state of things.

Mr. ROBINSON. I do not understand it so. I am a merchant, and I import goods, and I find that French and English goods can be placed in the New York market at a half per cent. difference. Now I cannot see how those prices are based on an excessive paper circulation, and if you exchange your paper circulation for gold I cannot see where you have increased the price of commodities.

Mr. POTTER. We haven't done anything in that case.

Mr. ROBINSON. Then it produces no effect on the price of commodities?

Mr. POTTER. Not at all; so long as the circulation remains sluggish.

Mr. ROBINSON. You said that from 1865 to 1872 we had a period of apparent prosperity?

Mr. POTTER. If I said that I didn't mean it.

Mr. ROBINSON. You said that there was a rapid circulation.

Mr. POTTER. Yes; but it was declining all the time.

Mr. ROBINSON. And the evidence of it, you said, was in the excess of importation from foreign countries, thus throwing the balance of trade against us.

Mr. POTTER. Yes.

Mr. ROBINSON. Now, was not that excessive importation paid for by the creation of a bonded debt on the part of the government to the extent of $2,500,000,000, and on the part of municipal corporations, counties, and States to the amount of $2,500,000,000, and was it not by the creation of that debt that we were enabled to purchase foreign commodities at excessive prices, and are we not now simply trying to pay off our mortgage?

Mr. POTTER. Of course; we exchanged bonds for foreign commodities at excessive prices. As to whether we are taking back bonds now at excessive prices I do not know.

Mr. ROBINSON. To simplify the question, was not the creation of the bonded debt on the part of States and municipal corporations, and on the part of individuals by mortgages on their property, the secret of the apparent prosperity during the period of high prices from 1865 to 1872? I hold that that *was* the cause, and not the rapidity of circulation.

Mr. POTTER. The things that you enumerate were the *results* of the excessive circulation.

Mr. ROBINSON. The primary cause was our putting debt on our people in the shape of mortgages, and living without producing.

Mr. POTTER. The primary cause was the metallic inflation of money, which prevented our producing commodities in this country as cheaply as they could be purchased abroad, and that is why they were imported. We had a good market to sell in, but a poor one to buy in, and foreigners took bonds instead of commodities in exchange. The equation of the average of international metallic prices is the law of international trade. In order to establish this equation, we had to export gold, thereby raising the price of gold and lowering metallic prices here; or we had to export bonds, and continue excessive imports until we beat down metallic prices by sheer exhaustion of our consuming power, thus creating a sluggish circulation and establishing the inevitable equation in that way. And it is this latter alternative which has been forced upon us by those who have had charge of the administration of public finance in this country.

Mr. ROBINSON. We could not do it. When we mortgaged our property and went to living on the proceeds we could import much cheaper than we could produce, and consequently we bought excessively abroad, and now we are trying to pay off our debts.

The chairman announced that the committee would hold future sessions at Pittsburg and at Chicago, and, later, another session in New York, and expressed the hope that the heads and representative men of industrial organizations throughout the country would appear and state their views freely, as the committee were particularly anxious to hear from that class of the community.

The committee then adjourned *sine die*.

SCRANTON, PA., *November* 13, 1878.

The committee met at 10 a. m. Present, Mr. Hewitt, the chairman, and Messrs. Thompson and Rice.

The CHAIRMAN. It is proper to explain to the gentlemen present that this committee is organized under a resolution adoped at the last session of Congress, for the purpose of inquiring into the depressed condition of business in this country, and the consequent inadequate reward for labor, and to ascertain whether any means can be devised to improve the condition of business generally, and remove the difficulties which now stand in the way of the laboring classes. The committee have held several sessions in the city of New York, and, at the request of Mr. Chisholm, they have decided to

hold a meeting in Scranton. They were induced to come here because this region had been the center of great industrial disturbances. There had been outbreaks here, and very grievous complaints of the sufferings endured by the working people throughout the coal region, and Mr. Chisholm, in his letter of invitation to the committee, suggested that Scranton was a central point. The committee do not desire to summon witnesses. They have come here to receive information, and they wish all gentlemen who are interested, both employers and employed, to come before them and state what their grievances are, and to suggest whatever remedies they can. I will therefore ask Mr. Chisholm what witnesses he proposes to present before the committee.

VIEWS OF MR. CORNELIUS SMITH.

The first witness who appeared at the suggestion of Mr. Chisholm was Mr. Cornelius Smith, a lawyer of Scranton. He expressed the opinion that the industrial troubles throughout the country were due mainly to the great contraction of the currency, and stated, incidentally, his belief that there were many miners in the anthracite-coal region who were not earning $100 a year.

VIEWS OF MR. JAMES B. HICKEY.

Mr. JAMES B. HICKEY (one of the auditors in the committee-room, who stated that he had been formerly a practical miner) said: I think Mr. Smith's statement is correct. You understand that there are what are known as miners and miners' laborers. I would include in my statement all who work in and about the mines. There are miners working in what are known as gangways who earn more than th[e] ; but taking the men who work at general work and the men who work company work, such as laying track, timbering, and the like, and averaging them one with another, their earnings do not average over twelve or fifteen dollars a month.

The CHAIRMAN. Twelve dollars a month would be $144 a year, and $15 a month would be $180 a year.

Mr. HICKEY. Their earnings won't average that; for I have known a number of those men to work, for three or four months in succession, for $7 a month, and even for six or six and a half.

The CHAIRMAN. Is the smallness of the amount earned owing to lack of employment, or to the lowness of the rate of wages?

Mr. HICKEY. Both.

The CHAIRMAN. Wouldn't they earn more than that if they had steady employment?

Mr. HICKEY. They work about one half the time at the present rate of wages.

The CHAIRMAN. That is to say, working half time, they earn how many dollars a month?

Mr. HICKEY. Probably about ten dollars a month.

The CHAIRMAN. Then the radical difficulty is the want of steady employment?

Mr. HICKEY. That is one of the difficulties.

The CHAIRMAN. If the men were fully employed they would earn twice as much?

Mr. HICKEY. Yes.

The CHAIRMAN. Then want of full employment is the great difficulty. Now, will some gentleman tell us why there is not more employment here? Were the workmen ever fully employed in this region?

Mr. HICKEY. O, yes.

The CHAIRMAN. What is the cause of the present lack of employment?

Mr. HICKEY. Some of you wise men in Congress say it is because we produce too much coal. Other men, who are shivering around cold hearths, say it is because coal is too high.

The CHAIRMAN. Is the price of coal any higher now than it was at its lowest period?

Mr. HICKEY. It is higher by comparison. A man who has coal to buy now finds it practically higher than he did when the price was double what it is now, for then he had money to pay for it; I mean that it will take a greater percentage of the man's monthly earnings in New York or Philadelphia at present to buy a ton of coal than it would have taken in 1870, '71, and '72.

The CHAIRMAN. What was the price of a day's labor in 1870, '71, and '72?

Mr. HICKEY. In 1870 the price of mining a diamond car of coal was $1.31 in the diamond vein. At that same time, the price of mining a diamond car, supposed to hold one ton and a half of clean coal, in the big vein, or G vein, was $1.52.

The CHAIRMAN. How much did a man make a day at that time?

Mr. HICKEY. He mined six of those cars for a full day's work in the big vein, at $1.60 per car; making $9.60. He paid men who loaded the coal into the mine car one-third of that. He paid for mining-supplies nearly the same price as now, with the exception of powder, which has been reduced 50 cents per keg, the price now being

$2.50 instead of $3. At that time a miner working an average number of days felt that if he did not make from $100 to $125 a month he had made a poor month's wages.

The CHAIRMAN. What did his laborer make?

Mr. HICKEY. I was loading coal at that time, and my wages during the summer and fall of 1870 would average about $70 to $75 a month. We usually worked twenty-two, twenty-four, and, in some instances, twenty-six days in a month, and the wages were about $3, $3.10, $3.25, and as high as $3.50 a day.

The CHAIRMAN. What was the price of coal at that time?

Mr. HICKEY. The price of coal was something about $5 or $5.50 a ton in New York.

The CHAIRMAN. That is to say, in 1870 the price was about 60 per cent. higher than it is now?

Mr. HICKEY. On the 30th of November, 1870, there was a reduction ordered in this Lackawanna and Wyoming coal-field. The price of mining a diamond car in the diamond vein was reduced from $1.31 to 86 cents. On that reduction being ordered the men suspended work, and the suspension continued until the latter part of May, 1871, when they resumed work at 93¾ cents per diamond car of diamond vein coal. The price of mining a car of big vein coal (the car being the same size but filled from a different vein) was $1.15½. That rate of wages continued until the 31st of December, 1874, when there was a reduction of 10 per cent. ordered.

The CHAIRMAN. During the intervening period, before that reduction, how much did a miner make and how much a laborer?

Mr. HICKEY. From May, 1871—that is, from the first time of the men going to work in 1871 down to the panic in 1873—the average wages of a laborer was about $50 per month. I speak now of a laborer who worked when there was work to be had; for you understand that in this mine-work it is very easy to lose time. A car thrown off the track will delay a man so that he will lose one-sixth or one-third or, in some instances, half of his day's work. If a fall of roof occurs in any part of the mine it may throw one half of the men employed in that mine idle, by blocking the way and preventing the taking out of the coal.

The CHAIRMAN. That is why I ask you how much a laborer earned *per month*.

Mr. HICKEY. Well, I say that from May, 1871, until the panic of 1873 the average wages of miners' laborers in this region was $50 per month. I think that is a fair average. I know that I worked steadily at that time, and that was about my average.

The CHAIRMAN. What did a miner make per month during the same period?

Mr. HICKEY. He made from $70 to $75 a month, and in some instances more than that; but that, I think, was about a fair average.

The CHAIRMAN. What is a miner's average earning now?

Mr. HICKEY. It has got down now so that if a miner works steadily he will make about $40 a month. He really works about one-half time, and makes less than half wages. Bear in mind that anything above twenty days in a month is counted full time for a miner, for the reasons I have given. A laborer now who works twenty days in a month, at $1.50 a day, makes $30, and is regarded as making an extraordinary month's wages.

The CHAIRMAN. Are the laborers paid by the day?

Mr. HICKEY. They are paid by piece-work. Six cars in one vein and seven in another is considered a day's work.

The CHAIRMAN. Then if the miners and laborers had full work, the distress which exists here would be to a very large extent remedied, because they would earn a great deal more money. In other words, the radical trouble at present is lack of employment, is it not?

Mr. HICKEY. That is one of the troubles; but I contend that even with full work, these miners and laborers employed at full time, at the present rates of wages, would not earn enough to give them a living.

The CHAIRMAN. In order that they should get more, wouldn't it be necessary that the price of coal should go up? In other words, would not the present price of coal warrant the payment of higher wages?

Mr. HICKEY. I think so.

The CHAIRMAN. Are the coal companies making any money?

Mr. HICKEY. They evidently are, or they would not continue to mine.

The CHAIRMAN. That does not follow; there are plenty of people who carry on business at a loss. I may state incidentally that I have carried on a coal mine near Pottsville at a loss every year since 1873, hoping for better times. That may be the case with the companies here, and I want to find out what the fact is, whether they are really making any money at the present rates.

Mr. HICKEY. Well, I think they are, or they would not continue to mine. I know that they are all anxious to work, and I believe that one reason why our mines are idle here is that three great railroad corporations control all our coal works so that the small operators are really nothing more or less than time-keepers in their own works, having nothing to say as to the price to be paid for the coal in the mine or in the market.

The CHAIRMAN. What is the price of coal determined by? Is it by demand and supply?

Mr. HICKEY. No; it is determined by the combination. You have only to read the newspapers to see their announcements that from and after such a day coal will advance to such a price; that it will be held at that price for such a length of time, and will then be advanced to another figure.

The CHAIRMAN. I am familiar with the facts of the case. I am asking these questions simply for the purpose of drawing out your answers. Now, you say that the companies fix the price of coal?

Mr. HICKEY. Yes.

The CHAIRMAN. Do they also fix the quantity?

Mr. HICKEY. Yes. If you call any of the leading private coal operators interested in collieries here, they will tell you that they would work their collieries every day if they could get cars. The combination fixes both the quantity and the price of coal. That is my belief. Of course I am not in the coal ring, and am not prepared to give you any specific information.

The CHAIRMAN. Who regulates the price of transportation from the mines to the market?

Mr. HICKEY. The railroad companies.

The CHAIRMAN. Then if the companies fix the price in the market and fix the price of transportation, has the individual coal operator in this region a chance to live except by their consent?

Mr. HICKEY. None. They can squelch any private operator, and they have done it in nearly every instance.

The CHAIRMAN. Suppose the mines were worked by individuals, and the railroad companies were confined to the business of transportation, do you suppose there would be any more coal sold than there is now?

Mr. HICKEY. Yes; because there would be competition. For instance, Mr. Germon owns two mines; now, suppose that instead of being interested in a colliery in Schuylkill County you had a like amount of capital invested in some manufactory which would consume a given quantity of coal, Mr. Germon and every other private operator would be anxious to supply you with coal, and they would compete with each other, and so the price would be reduced, and there would be more coal sold; but as it stands at present the private operators have nothing to say as to whether they shall sell you coal or not. They simply go to the combination and get their figures. The agents of the combination buy all the coal from the private operators, unless it is sold within a given distance, ten miles in some instances. A manufacturer came to this town some time ago and asked an operator what he would sell him coal for. The operator named his price. The manufacturer said, "That is much better than I can do with the coal company that I am buying coal from now, and I will take so many tons a month from you and pay you cash." Said the operator, "I do not believe it is any use for you to try to make a bargain with me, because we cannot get the coal shipped; the company regulate that." "Well," said the manufacturer, "I will step around and see the officers of the railroad company and try to arrange it." "All right, if you can arrange it," said the operator. That manufacturer has not come back yet. He has not succeeded, yet in making it all right with the railroad company.

The CHAIRMAN. Is not all the coal that the country will consume supplied at present? Is there not actually a surplus on hand that cannot find a market?

Mr. HICKEY. All the coal is supplied that the country will consume at the combination's rates; but if the coal were sold or transported cheaper, there would be a larger consumption.

The CHAIRMAN. In the history of the coal trade, has coal ever been sold cheaper than it has been sold this year?

Mr. HICKEY. Not since war time.

The CHAIRMAN. Was it ever sold cheaper previous to the war time?

Mr. HICKEY. I do not know how it was previous to war time.

The CHAIRMAN. I think that coal has been sold this year as low as it has ever been sold at any time. Now, you say that the workmen are making no money, the operators are all suffering, the coal companies and the railroad companies are making no dividends; therefore the business seems to have got down to a point where it is unprofitable to everybody concerned. Now can you suggest any remedy?

Mr. HICKEY. I do not believe that your statements are correct, Mr. Chairman. I believe that the railroad companies *are* making money; or if they are not, it is because it has been stolen from them. You have only to look around you here to see instances of that. A railroad official is elevated to the position of director or superintendent. He is absolutely poor. He works in that position for a salary of from five to ten thousand dollars a year. He lives in a style that would cost you or me the whole amount of his salary, and yet in ten years that man is a millionaire.

Mr. THOMPSON. You say that the members of this combination have power to put up the price of coal as they please?

Mr. HICKEY. Certainly.

Mr. THOMPSON. Is the object of the combination to make money? Is that what they are mining and shipping coal for, or is it merely to give employment to laborers?

Mr. HICKEY. Their first object is to make money for themselves; they are not philanthropists.

Mr. THOMPSON. Then if they can fix the price arbitrarily, why do they not fix it high enough to enable them to make twice as much money as they do make?

Mr. HICKEY. You have heard of fixing the price so high as to destroy the demand.

Mr. THOMPSON. But they don't do that; because you say that coal is lower now than it was some years ago.

Mr. HICKEY. No; not really lower. It is lower in dollars and cents, but higher in proportion to earnings.

Mr. THOMPSON. But if this combination have the power to fix the price of coal without regard to supply and demand, why don't they fix it high enough to enable them to make more money, and at the same time to pay their laborers higher wages?

Mr. HICKEY. I am not in the combination, and I cannot answer that.

Mr. THOMPSON. Is there anything in the way to prevent them from doing it?

Mr. HICKEY. There is this to prevent it: If the price of coal were raised to twice what it is now, those who are using coal would be compelled to substitute some other fuel for it.

The CHAIRMAN. Or else to stop working.

Mr. HICKEY. Yes.

Mr. THOMPSON. Well, wouldn't it be better for the company to sell half as much coal and make twice as much money?

Mr. HICKEY. No; I do not see that it would be better. Many of the mines here are run on leases and some of them under peculiar contracts. The agreement is in many cases like this: "We will give you so much for every ton of coal that we take out of this mine, but at all events we will give you so much, or we will bind ourselves to take out so much."

Mr. THOMPSON. What would you suggest as a remedy for these troubles?

Mr. HICKEY. I would suggest this: Let the State legislature first appoint a committee of men competent and disposed to inquire into this whole matter diligently so as to find out the actual cost of building and equipping a railroad, keeping it in running order, paying the men who run the trains and the officials an honest rate of wages for an honest day's work, and pay a fair dividend on the money invested; and then say to the railroad company, "Gentlemen, you must carry this coal and all other freight without any unjust discrimination; you must take it promptly, carry it carefully, and deliver it promptly in a business-like way."

A very good illustration of this was given during the strike of the miners in the Schuylkill region in 1871. At that time, in that region, there were a great many small operators. Their miners were on a strike. The operators said to their men, "We are willing to go to work and pay you the price you demand"; but the Reading Railroad Company stepped in and said, "No; you shan't do that unless you pay us double the present freights." A committee of the coal operators and miners called the attention of the senate of Pennsylvania to the grievance, and a committee was appointed to investigate the question. The miners and operators went before the committee and stated that the men were ready to go to work and the operators were ready to set them at work, but that Mr. Gowen and the Reading Railroad Company had raised the freights upon them so that it cost them more to ship a ton of coal to tide-water than the coal would bring when it got there. Mr. Gowen in behalf of the company stood up before the committee and said, "Gentlemen, we have so much money invested in the Reading Railroad Company; it costs so much to equip it; we have to keep so many telegraph operators, and about the same number of track-men, as if we were carrying 25,000 tons a week, which is the capacity of the road, but we are now shipping only five or ten thousand tons a week; the road is there, the round-houses are all built, the interest on the money invested in the road and in the rolling-stock goes right on; my salary and the salaries of all the other officials of the company go right on, and therefore we must have as much money for shipping those five or ten thousand tons as if the road were working to its full capacity. The only difference in the expense is that the wages of the train-men are less." Mr. Gowen even claimed that the rolling-stock would wear out about as fast standing idle as if it were in use. The result was that the railroad company gobbled up the large majority of the mines in Schuylkill County at their own price, and drove nearly all the small operators out of the business. Another instance of the same kind was in Pittston last summer, when the Lehigh Valley Railroad Company took a similar position.

The CHAIRMAN. Then your remedy would be to have the legislature regulate the rates of freight on railroads?

Mr. HICKEY. Yes; the legislature, where the railroad lies wholly within one State, and the Congress of the United States where the railroad extends through different States.

The CHAIRMAN. Would you have one definite rate fixed, or would you have some regulating power which might change the rates from time to time?

Mr. HICKEY. I would not have one rate fixed. You know they have a law now in Illinois, which is known as the granger's railroad law. A law somewhat like that would probably answer the purpose, although there is a good deal of complaint made that they have been overdoing the thing, and have driven the railroads into bankruptcy, and all that sort of thing. The matter is one that would have to be inquired into very diligently, so as to get at the real cost of constructing and maintaining the railroads.

The CHAIRMAN. You would not confiscate the railroads, then?

Mr. HICKEY. No, sir.

The CHAIRMAN. No more than you would confiscate the coal-mines?

Mr. HICKEY. No.

The CHAIRMAN. Now, suppose it should be shown that the price of coal in the market would not warrant the companies in paying higher rates for mining, and that the railroads could not afford to carry the coal for lower rates of transportation, so that the practical result would be to stop the roads from running, what would you do about it then? No matter about the interest on the capital invested; that can stop, and does stop very often.

Mr. HICKEY. The interest never stops.

The CHAIRMAN. O, yes. There are several railroads now in the hands of receivers. I am the receiver on a road 400 miles in length. I suppose you know that about 75 per cent. of all the railroads in the United States have gone into the hands of receivers or become bankrupt from some cause or other, and are not now able to pay anybody. Now in that state of things, how could you have Congress or a State legislature intervene with advantage to anybody?

Mr. HICKEY. I do not believe that those railroads have gone into bankruptcy for the cause you assign. I believe it has come about in a large majority of cases through the dishonesty of their officials.

The CHAIRMAN. In a very large number of cases the railroads went into the hands of receivers because they could not earn enough to pay their running expenses. That was the case of the New York and Oswego Midland Railroad, of which I am the receiver. It was earning $2,000 a day less than expenses, and now it earns just about enough to keep it alive. There are other railroads in the United States in the same situation.

Mr. HICKEY. Well, take that very New York and Oswego Midland Road. I happened to be acquainted with a couple of contractors who were engaged in the building of that road; they had the building of twenty miles of it, I think, and I know that they and their friends reported that they made $100,000 clear profit out of that job in one summer. Now, why could not the company have built the road and got the benefit of that profit instead of the contractors?

The CHAIRMAN. That is not the point. Here is a road completed, no matter now at what cost, and, after the work is done and the road is in running order, it does not earn enough to pay the expense of operating it.

Mr. HICKEY. This profit that I speak of that these contractors made was simply robbery of the company.

The CHAIRMAN. But that does not affect the question of the power of the road after it is built to earn its running expenses.

Mr. HICKEY. I know of a coal mine in this State which was formerly the property of an individual operator. He sold it for $95,000, and the parties who bought it immediately afterward issued $500,000 worth of stock based upon it. Now, it is not to be wondered at that that coal mine should not pay dividends on stock to the amount of more than five times its real value.

The CHAIRMAN. But that would not have anything to do with the cost of keeping the mine in operation.

Mr. HICKEY. But the stock would be unprofitable to the stockholders.

The CHAIRMAN. Granted; but couldn't the mine produce just as much net money's worth as it produced before?

Mr. HICKEY. But the stockholders would be swindled.

The CHAIRMAN. That is not the question here. The question here is, whether coal can be cheapened to the purchaser so as to enlarge the demand for it, and so to increase the demand and the compensation for the labor employed here in its production. Now, whether you call the capital of a mine five hundred thousand or five millions, it does not affect that question.

Mr. HICKEY. It affects it in this way: You three gentlemen go to work and buy a coal mine for $100,000, and immediately afterward you get a company incorporated and issue stock to the amount of half a million, and sell that stock at its face value to whoever has the money to pay for it. You, Mr. Chairman, are president of the company, at a large salary. Each of these gentlemen beside you is a director at a similar salary. The stockholder who buys that stock at its face value of course does

not make any money, but it is a good thing for you gentlemen. The stockholder, making no money, naturally desires to increase the price of coal and reduce the wages of the miners so that he may get dividends. He will say, "I paid for this stock at par, but it has not paid me any dividend; so we must reduce wages to enable me to make some money." Take the case of the Midland Road that you have mentioned; the contractors made money out of the road, while the stockholders have made none.

The CHAIRMAN. The men who built the road no doubt made money out of it, but that does not affect this question of transportation when the road actually does not earn money enough to pay its current expenses.

Mr. HICKEY. Well, the money paid those two contractors I told you about, had to be borrowed, and bonds were issued to raise it.

The CHAIRMAN. Certainly; but not a dollar of interest was paid upon those bonds. Now, I want you to come to the practical question, whether any legislation could be recommended to provide a remedy for the difficulty in a case where the road does not earn enough to pay its current expenses. Your idea seems to be that the State legislature, or Congress, should regulate the price to be charged for transportation.

Mr. HICKEY. Yes.

Mr. THOMPSON. Do you mean that they should regulate the actual tariff, or simply to provide that they should be uniform rates?

Mr. HICKEY. I want the rates made uniform, so much per ton per car per mile, so that there may be no favoritism.

The CHAIRMAN. Do you think there is favoritism now?

Mr. HICKEY. Yes.

The CHAIRMAN. You think that some people have better terms for transportation than other people?

Mr. HICKEY. Yes; else why these "special rates"?

The CHAIRMAN. And you think that there are some operators in this region who get better rates for transportation than other operators do?

Mr. HICKEY. The great majority of the operators here have no rates at all. They cannot ship. They have to sell their coal to the railroad companies.

Mr. RICE. Are there any operators who do not have to sell their coal to railroad companies?

Mr. HICKEY. Those fellows at Pittston ship their coal, as I understand.

Mr. RICE. At special rates?

Mr. HICKEY. At rates agreed upon between themselves and the company; but I do not know of a coal operator in this Lackawanna field who is at liberty to ship his coal at all.

The CHAIRMAN. But you know the operators are at liberty to ship their coal in the Schuylkill region?

Mr. HICKEY. Yes; at the railroad companies' rates.

The CHAIRMAN. But the rate is the same to everybody, I suppose?

Mr. HICKEY. Some operators in that region charge that it is not.

The CHAIRMAN. I have not heard of late years that there was that difficulty there. The difficulty is that the rate is so high.

Mr. THOMPSON. Do you mean to say, Mr. Hickey, that the operators here cannot ship their coal at all?

Mr. HICKEY. I mean that, and nothing else.

Mr. THOMPSON. That the railroad companies publicly and persistently refuse to carry coal for private operators?

Mr. HICKEY. O, no; they don't do that. They say, "We have not got cars," or "we cannot ship it;" or something to that effect.

Mr. THOMPSON. Has any person here attempted to compel them to ship?

Mr. HICKEY. No.

Mr. THOMPSON. Why don't they do so?

Mr. HICKEY. Simply because they dare not.

Mr. THOMPSON. Why not?

Mr. HICKEY. Because the company would crush the life out of them. I have asked coal operators here to go down to the legislature, but they were afraid.

Mr. THOMPSON. Why don't they go to the courts?

Mr. HICKEY. Going to the courts is an expensive affair when the plaintiff in the case has all his means invested in one coal breaker worth, perhaps, $100,000 altogether, and against him is pitted a railroad company with capital running into the millions.

Mr. THOMPSON. But it is not necessarily expensive to test the question whether a common carrier is not compelled to discharge his duties.

Mr. HICKEY. I have urged that very view on operators here, and they have invariably told me that it would be the death of them; that the railroad company would crush them out.

Mr. THOMPSON. But the very purpose of the law is to prevent the companies from discriminating against them or injuring them. Why, then, don't they attempt to have the law enforced?

Mr. HICKEY. O, they daren't do it.

Mr. THOMPSON. But I do not understand the reason.

Mr. HICKEY. Well, I don't want to be impertinent to you, but the ordinary driving boy here understands it.

Mr. THOMPSON. Here is a railroad company incorporated by the laws of Pennsylvania; it has certain public duties to perform as a common carrier, and among them is to transport the coal or any other commodity that any patron chooses to offer for transportation. Now, do you say that such a railroad company, incorporated under the laws of this State, dares to say to a patron who offers it coal for transportation: "No, sir; we are not shipping for operators; we will buy your coal, but we won't ship coal for anybody?"

The CHAIRMAN. The witness's point is, that they do not refuse to ship, but that they ship only at a price which makes a loss to the operator.

Mr. HICKEY. I say that coal operators tell me that they cannot ship coal, and I do not see what difference it makes whether the refusal is direct or is put in the form of charging so high that it won't pay to ship.

Mr. THOMPSON. The law is that the railroad company, as a common carrier, is compelled to ship for every person who offers it freight for transportation, and to do it at equal rates without discrimination. Now, if that is not done, is it not the fault of the men themselves, who permit the railroad companies to impose upon them? The law is explicit enough and strong enough to compel the railroad companies to obey it if the men who are aggrieved would only invoke its aid.

Mr. HICKEY. The law is not strong enough. One of our railroad magnates in this State has been known to boast that he could drive a railroad locomotive through any law on our statute-book.

Mr. THOMPSON. I know that the poorest man in this valley can compel the strongest railroad company in this State to do its duty if he will only invoke the aid of the law and insist upon its enforcement.

Mr. HICKEY. He cannot do anything of the kind. Are you an attorney?

Mr. THOMPSON. Yes, I am. And let me tell you now that in the oil region, where there has been far worse discrimination than in your coal region, the oil-line companies and the railroad companies are now in court on this very question.

Mr. HICKEY. But you would want a large fee to go into court with a case of that kind, and a man on the verge of bankruptcy here would not have the money to pay you, and so he would rather "endure the ills he knows than fly to others he knows not of."

Mr. THOMPSON. But this discrimination has been continued for years, I understand?

Mr. HICKEY. Yes; and I have urged upon operators to go into court, but they have said that they could not do it.

Mr. THOMPSON. Then what is the use of passing more laws on the subject if those which are now on the statute-book cannot be enforced?

Mr. HICKEY. I want *the State* to enforce the law which I want passed.

Mr. THOMPSON. But you say the State does not enforce the existing law?

Mr. HICKEY. It is the duty of the State to protect every one of its citizens.

Mr. THOMPSON. Yes; but the citizen who wants the protection of the law must help himself first. If I fall in the streets of Scranton and break my leg, owing to negligence on the part of the corporation, the law gives me remedy against the city, but it does not commence a suit for me. Just so in the case of a common carrier. The State makes the law giving protection to all, but it does not bring a suit for the aggrieved operator whose coal is refused by the railroad company. It makes the law and opens the doors of the courts, and if the operator does not go there for relief it is his own fault. Now, if the operator will not do this, and if the laws which already exist are permitted to be disregarded as you say, then I ask what is the use of passing more laws for the same purpose?

Mr. HICKEY. You say that every man has a right to have his goods, whether coal or anything else, shipped by a railroad company at equal rates with anybody else?

Mr. THOMPSON. That is the law.

Mr. HICKEY. Well, here is a combination of merchants known as the board of trade, and a merchant belonging to the board gets his goods transported cheaper than another merchant who does not belong to the board of trade gets his.

Mr. THOMPSON. Then why does not the merchant who is discriminated against bring a suit?

Mr. HICKEY. He is not able.

Mr. THOMPSON. Then how can you make him able by passing more laws?

Mr. HICKEY. I want to have the State enforce its own laws.

Mr. THOMPSON. But the State does not enforce its own laws. That is not the system of government under which we live.

Mr. RICE. Suppose the State appointed a board to look after the railroads; to receive and consider the complaints of merchants and shippers; the board to be authorized, in case a complaint proved to be well founded, to bring, in the name of the State,

some sort of information or suit against the railroad company to compel it to do right, that would accomplish the object you have in view, would it not?

Mr. HICKEY. I do not care whether it is done by a board or by the attorney-general.

Mr. RICE. But the attorney-general will not take hold of the matter unless some one brings it to his attention.

Mr. HICKEY. Well, I take it that it is the attorney-general, or somebody acting for him, that will have to do it.

Mr. RICE. Of course it is the attorney-general who brings the suit after the facts are brought to his knowledge. He acts for the State.

Mr. HICKEY. Mr. Thompson says there is nothing to prevent me or anybody from enforcing the law against a railroad company; now you [addressing Mr. Thompson] know well enough, as an attorney, that a railroad company having a suit of that kind brought against it would summon the best counsel in the State, or in the country, regardless of expense, and not only would the company directly concerned as defendants do that, but all the other companies would aid them and share the expense.

Mr. THOMPSON. I grant all that.

Mr. HICKEY. Then you would have arrayed against this one man the whole railroad capital of the United States, and the case would be carried from one court to another and delayed and dragged along, and in the mean time the plaintiff would be driven into bankruptcy.

Mr. THOMPSON. Do you know that if you go to Harrisburg to-day and make a complaint in writing, under oath, to the attorney-general, stating what you have stated here, and asking him to commence proceedings against the offending railroad company, he will do it before night—that it is his sworn duty to do it.

Mr. HICKEY. I do not know what he would do, but I do know that in this very house, over a year ago, I called the attention of Governor Hartranft to the very same state of affairs and asked him to suggest in his annual message some law to correct it, but instead of that he recommended a constabulary force.

Mr. THOMPSON. Don't you know that you and I as citizens of Pennsylvania have just as much to do with that question as Governor Hartranft? I take some interest in this point not only as a member of this committee but because you have arraigned the laws of our State. Now, if the laws already on the statute-book are disregarded by the railroad companies, and not enforced by people who are injured, how do you propose to remedy the difficulty by enacting more laws of the same character?

Mr. HICKEY. I have stated that I propose to make the State bear the expense instead of the citizen who is aggrieved; just as if you knock me down on the street the State prosecutes you at its own expense.

The CHAIRMAN. I understand the complaint to be that the railroad companies transport their own coal without charging any rate of transportation, and when the operator comes along and asks them to transport *his* coal, they ask a rate so high that it is prohibitory.

Mr. HICKEY. Yes. The law ought to fix the rate of toll. If the rate is left discretionary with the company there is no power on earth that can stop this discrimination.

Mr. THOMPSON. I beg your pardon. If the law does not fix the rate that a railroad company shall charge for passengers, can the company therefore charge you three cents a mile and me 30 cents a mile?

Mr. HICKEY. Yes; if there is no rate fixed they can charge any rate they please.

Mr. THOMPSON. Can a railroad company, which is a common-carrier, charge you one rate and me another when we both travel in the same car?

Mr. HICKEY. It can fix its rate at five cents a mile or ten cents a mile, and then it can give you a rebate so as to reduce the charge for you to three cents a mile.

Mr. THOMPSON. You say that a railroad company can do that legally?

Mr. HICKEY. I say they can do it, and you cannot prevent it legally. There is no law to prevent them from doing it.

Mr. THOMPSON. Well, I say to you that the attorney-general can forfeit the charter of any railroad company which does that, and all the lawyers in Christendom cannot prevent it.

Mr. HICKEY. That is not the attorney-general's opinion in these very cases that have been referred to here.

Mr. THOMPSON. I beg pardon. But that is the ground on which those cases are brought.

Mr. HICKEY. No, it is on the ground of conspiracy.

Mr. THOMPSON. It is not a criminal proceeding?

Mr. HICKEY. No, but it is a proceeding in equity. Now, as to going into court, the railroad companies have a plan of "black-listing" individuals, and it is utterly impossible for a man who is "black-listed" to get work again. Now, you may ask, "Why don't you remedy this, the courts are open?" But you cannot do it. There is not an individual in the State who is able to fight one of these companies, and the State itself fails to protect the citizen in his rights. If I go out in the street and malign your character you can reach me and punish me under the law of libel or slander, but

if I am a coal operator or miner, and you are working for me, and I discharge you for any reason, and Mr. Smith is another employer, and I say to him that you, John Thompson or John Jones, were employed by me and discharged, and say to him not to give you any work, that you are a dangerous man, that ends it, and you do not get any more work so far as my influence goes, and you have no redress.

Mr. THOMPSON. Do you mean to say that the man discharged has no remedy in a case of that kind, whether the ground on which he is discharged is well founded or not?

Mr. HICKEY. He has not; for the simple reason that the men who are treated in that way are too poor to bring the employers to justice. And the same reason applies to the coal-operator. He is as poor compared with a railroad company as your workman is.

Mr. THOMPSON. Tell us, then, how you propose to change this state of affairs.

Mr. HICKEY. By making the State bear the expense of vindicating the individual's rights.

The CHAIRMAN. Suppose you are in my employment, and you and I disagree, and I discharge you, and then turn around privately and say to Mr. Rice, "I have discharged this man," and Mr. Rice thereupon declines to employ you; that, I agree, is a hardship to you, but how can it be prevented?

Mr. HICKEY. The proper way would be to send you to State prison.

The CHAIRMAN. But how could you do it? All I say in the case is that I have discharged you. I do not slander you; I simply state to Mr. Rice the fact that I have discharged you. Then you go to Mr. Rice and ask for work and he tells you that he has no work for you. Now, what is the remedy?

Mr. HICKEY. Yes, he says he has no work, and immediately afterwards he hires a half dozen other men.

The CHAIRMAN. When the employer says, "I have discharged this man; don't give him work; he is a dangerous man," I grant that you have a remedy; but when he confines himself to the simple statement that he has discharged you, I do not see what remedy there is. As a rule, in such cases, whatever the employer says is said privately.

Mr. O'HALLORAN. That is true, Mr. Hewitt.

Mr. THOMPSON. The case that the witness put was where the employer discharges his employé and writes a letter requesting others not to employ him, because he is a dangerous character. Now I say that in such a case, if the charge is not true, the laws of Pennsylvania will punish the man who makes it.

Mr. SMITH. Of course, but the trouble in all these cases is in the evidence. I guess you have not seen many papers of that kind lately.

Mr. HICKEY. You need not go outside of this room to find a number of men who have been treated in that way.

The CHAIRMAN. That I do not doubt, and I have no doubt now that, if a witness should come before this committee and make very damaging statements to the employers, he would be remembered as a man who had not accommodated himself to views of the employers. I think it very likely that that would happen, and I think it is a great hardship, but I don't see what the remedy is.

Now, as to this question of discrimination by the railroads, the radical difficulty seems to be that these great railway companies unite two functions, common-carriers and miners of coal, and that by uniting these two functions they are enabled to crush out all competition, because when a private coal-operator comes to them and offers his coal for transportation they give him rates which are prohibitory. This being so, is not the radical error in the fact that the laws of Pennsylvania have allowed common-carriers to be also competitors in private business, and so to crush out the competition of individuals? Assuming now that that is the radical difficulty, let me ask how can the Congress of the United States intervene to prevent a State from permitting a common-carrier to engage in private business enterprises?

Mr. HICKEY. So far as the interference of Congress is concerned, I was thinking only of those railroads that are chartered, not by one State, but by two, three, or more States. I think the United States ought to have supervision over such roads.

The CHAIRMAN. Let it be assumed that the United States can have a supervision to regulate rates; still, how could they in any way prevent a railroad company from mining coal in the State of Pennsylvania, or from going into the iron business and owning blast-furnaces all along their roads, and then breaking down individuals engaged in the same business, when those companies are creatures of the State of Pennsylvania alone, and confine their operations within the State?

Mr. HICKEY. In this State the remedy, of course, lies with the State legislature, and not with Congress, but you will bear in mind that I included in my suggestion both the State and national governments.

The CHAIRMAN. Yes; but now I point out this other difficulty—in the case of roads running into or through two States. You hold that in such cases the United States can interfere, though they cannot interfere with those railroads which are wholly within the limits of a single State. Upon your plan, therefore, there would be two

governments—one Federal and the other State—exercising jurisdiction over roads doing the same class of business, and you would have one ruining the other.

Mr. HICKEY. Well, the state of affairs you describe is this, that we have a creature of the State greater than its creator.

The CHAIRMAN. But you have courts in Pennsylvania, as Mr. Thompson has pointed out, to rectify these evils. It is not the business of the United States Government to interfere in the concerns of a State, to compel the State courts to do their duty. The jurisdiction of the United States is limited by the Constitution, and does not apply to the case of compelling States to do justice between citizens.

Mr. HICKEY. You find a state of affairs existing here which you admit is all wrong, and then you say, Citizens of Pennsylvania, it is true that I am a member of Congress; I took an oath as a Congressman to do thus and so——

The CHAIRMAN. To obey the Constitution.

Mr. HICKEY. Yes, to obey the Constitution; and the Constitution gives Congress the power to legislate for the general good, and to see that every citizen is protected in his rights; and yet you, as a member of Congress, say that you admit the existence of these evils, but Congress is powerless to remedy them.

The CHAIRMAN. But you have not stated the Constitution correctly. It provides a tribunal to adjudicate upon disputes between citizens of different States, not between citizens of the same State. There is no such power as you claim given to the United States Government. On the contrary, it is reserved to the States separately. Therefore we are powerless to intervene. There is a bill pending providing for a governmental supervision over the land-grant railways, but so far Congress have not gone beyond that. How far they will go in that direction I, of course, cannot tell.

Mr. HICKEY. Well, there is another grievance. When I spoke of the "diamond" car I spoke of the Delaware, Lackawanna, and Western mines, and those controlled by that company. Now, the Delaware and Hudson Canal Company, which is also a coal-mining company, have their coal mined by the ton, but it is a different ton from what you understand to be a ton in New York. You buy coal there at the rate of 2,240 pounds to the ton, but the miner in Pennsylvania who is employed by the Delaware and Hudson Canal Company has to mine 2,800 pounds to the ton. For every 2,800 pounds of coal that he mines the company pays him for mining one ton.

The CHAIRMAN. That is a mere matter of private contract?

Mr. HICKEY. It is a mere matter of robbery. You may call it what you please, but the fact is that the miner has to add on these six hundred pounds to every ton that he mines.

The CHAIRMAN. What difference would it make if the company kept the ton at 2,240 pounds and reduced the pay per ton?

Mr. HICKEY. Well, the pay of the companies is all alike.

The CHAIRMAN. But why do people continue to work for a company which requires them to mine 2,800 pounds to the ton for the same pay that another company gives for mining 2,240 pounds? In my part of the country people would not submit to it for an hour.

Mr. HICKEY. They would if they were starving.

The CHAIRMAN. No; I don't think they would. I don't think a proposition of that kind could be carried out there at all; two men working side by side, the work the same in its character and the price nominally the same, and one required to do one-quarter more work than the other for the same money.

Mr. HICKEY. Well, I don't know what you have found in your experience, but I do know that three years ago the Delaware and Hudson Canal Company reckoned 2,240 pounds to the ton, and that, without any notice or ceremony, the miners were informed that on and after a given day they would have to turn out 2,800 pounds to the ton.

The CHAIRMAN. Suppose that instead of that the notice had been in this form: "Hereafter, instead of paying a dollar a ton, this company will pay but 80 cents," would there be any difference?

Mr. HICKEY. The difference is this. The great public outside don't know anything about the facts. They pay so much a ton for coal, and they understand that a ton in the mines means the same as a ton in the market. Such a rule reduces the wages too for mining coal, and the general public don't know anything about it.

The CHAIRMAN. I don't see what interest the general public have in that question.

Mr. HICKEY. They have a great interest. The newspapers announce that coal costs the company so much per ton to mine, but the fact is that it is a ton and a quarter that costs the price which they say a ton costs.

The CHAIRMAN. But you have just testified here that the companies regulate the price of coal in the market, and do not send any more to market than they can sell at their own price.

Mr. HICKEY. Well, but at the same time this misleads public opinion.

Mr. THOMPSON. In other words, you think it is a deceptive or dishonest way of stating facts to the public.

Mr. HICKEY. That is the idea.

Mr. THOMPSON. How would you remedy that? Suppose I choose to tell you a story by innuendo, how can you regulate that by law?

Mr. HICKEY. That is the question to be considered.

The CHAIRMAN. In the old charcoal days a ton of blooms was always 2,464 pounds, whereas a ton of pig-iron was always 2,240 pounds. But was anybody deceived by that difference? Not at all. When I bought a ton of the one I knew I was to get 2,464 pounds, and when I bought a ton of the other I knew that it was only 2,240 pounds. That has been one of the customs of the iron trade for a hundred years.

Mr. HICKEY. But this which we complain of is only a custom that this particular company has established a short time ago. I mention the matter because, in all probability, you will be waited upon by Messrs. Sloan & Dickson and others who are large owners of coal mines, and they probably—Mr. Dickson in particular—will represent that they pay so much per ton for mining coal; and unless you put the question directly to him the chances are that he will not say anything about this 2,800 pounds business.

Mr. THOMPSON. Do other companies pay for 2,240 pounds as a ton?

Mr. HICKEY. That is the only company around there that pays by the ton.

The CHAIRMAN. The others pay by the car-load, do they not?

Mr. HICKEY. Some of them. The Delaware and Hudson Canal Company, for the most part, pays by the ton; the Delaware, Lackawanna and Western Company pays, for the most part, by the car-load.

Mr. THOMPSON. When you gave the figures $1.31 and $1.52 per car, how much did that car that you had in mind contain?

Mr. HICKEY. The company expects that every "diamond" car shall have a ton and a half of clean coal run through the breaker.

Allow me to make another recommendation, which, if acted upon, would greatly benefit this locality, although the measure would be general. A large number of our people here wish to settle on the land, but they are unable to do so. I refer now to industrious men who are able and willing to work, but who cannot get anything to do, aside from the question of pay altogether. Now, if this committee is anxious to benefit the people of this particular locality, and of the country generally, let them go to Washington and say to the Congress of the United States, "We must extend some aid to these poor people to enable them to get upon the land and go to work."

The CHAIRMAN. That proposition has been laid before the committee by several witnesses in great detail, and more than that, your own Representative, Mr. Wright, has introduced a bill with the same object, and made a very elaborate and careful speech in advocacy of it.

Mr. HICKEY. I know that. I merely mention it to bring it to your attention.

VIEWS OF MR. JAMES O'HALLORAN.

JAMES O'HALLORAN, a practical miner, of fourteen years' experience, appeared before the committee and was examined as follows:

The CHAIRMAN. You are what is called a "miner," not a "helper," I understand?

Mr. O'HALLORAN. I am a practical miner.

The CHAIRMAN. Can you state whether there are any grievances sustained by the mining population of these regions which, in your judgment, could be corrected by Federal legislation?

Mr. O'HALLORAN. I can state the grievances, but I don't know whether Federal legislation can reach them or not.

The CHAIRMAN. Be good enough to state the grievances, and leave us to judge whether they can be reached by Federal legislation.

Mr. O'HALLORAN. From the close of the war, in 1865, until 1868 there was a continual reduction of wages in this anthracite coal region, while the necessaries of life continued at high prices; and in 1869 the men formed a *basis*, providing that when coal was selling at a certain price in New York their labor for mining and loading the coal here should be worth so much, and when it went below that price it was not profitable for either employer or employé to work at the business. That basis also provided that if coal advanced above this price (which was $5 or $6 per ton at tide-water), the men should get an advance in their pay. The Delaware, Lackawanna and Western, and the Delaware and Hudson Canal Company, and the Pennsylvania Railroad Company never had a basis; they mined by the car, and in 1870 they flooded the market with coal, and the consequence was that they had to reduce, or did reduce, the wages of their miners 33 per cent. I was then at work under Pardee & Co. before they consolidated with the Lehigh Valley Railroad Company. We agreed to suspend on the 10th day of January, in order that the market should be cleared of the surplus stock, and that we might maintain the regular prices and be able to get a living—nothing more. The companies then combined against the miners, and said that they would

governments—one Federal and the other State—exercising jurisdiction over roads doing the same class of business, and you would have one ruining the other.

Mr. HICKEY. Well, the state of affairs you describe is this, that we have a creature of the State greater than its creator.

The CHAIRMAN. But you have courts in Pennsylvania, as Mr. Thompson has pointed out, to rectify these evils. It is not the business of the United States Government to interfere in the concerns of a State, to compel the State courts to do their duty. The jurisdiction of the United States is limited by the Constitution, and does not apply to the case of compelling States to do justice between citizens.

Mr. HICKEY. You find a state of affairs existing here which you admit is all wrong, and then you say, Citizens of Pennsylvania, it is true that I am a member of Congress; I took an oath as a Congressman to do thus and so——

The CHAIRMAN. To obey the Constitution.

Mr. HICKEY. Yes, to obey the Constitution; and the Constitution gives Congress the power to legislate for the general good, and to see that every citizen is protected in his rights; and yet you, as a member of Congress, say that you admit the existence of these evils, but Congress is powerless to remedy them.

The CHAIRMAN. But you have not stated the Constitution correctly. It provides a tribunal to adjudicate upon disputes between citizens of different States, not between citizens of the same State. There is no such power as you claim given to the United States Government. On the contrary, it is reserved to the States separately. Therefore we are powerless to intervene. There is a bill pending providing for a governmental supervision over the land-grant railways, but so far Congress have not gone beyond that. How far they will go in that direction I, of course, cannot tell.

Mr. HICKEY. Well, there is another grievance. When I spoke of the "diamond" car I spoke of the Delaware, Lackawanna, and Western mines, and those controlled by that company. Now, the Delaware and Hudson Canal Company, which is also a coal-mining company, have their coal mined by the ton, but it is a different ton from what you understand to be a ton in New York. You buy coal there at the rate of 2,240 pounds to the ton, but the miner in Pennsylvania who is employed by the Delaware and Hudson Canal Company has to mine 2,800 pounds to the ton. For every 2,800 pounds of coal that he mines the company pays him for mining one ton.

The CHAIRMAN. That is a mere matter of private contract?

Mr. HICKEY. It is a mere matter of robbery. You may call it what you please, but the fact is that the miner has to add on these six hundred pounds to every ton that he mines.

The CHAIRMAN. What difference would it make if the company kept the ton at 2,240 pounds and reduced the pay per ton?

Mr. HICKEY. Well, the pay of the companies is all alike.

The CHAIRMAN. But why do people continue to work for a company which requires them to mine 2,800 pounds to the ton for the same pay that another company gives for mining 2,240 pounds? In my part of the country people would not submit to it for an hour.

Mr. HICKEY. They would if they were starving.

The CHAIRMAN. No; I don't think they would. I don't think a proposition of that kind could be carried out there at all; two men working side by side, the work the same in its character and the price nominally the same, and one required to do one-quarter more work than the other for the same money.

Mr. HICKEY. Well, I don't know what you have found in your experience, but I do know that three years ago the Delaware and Hudson Canal Company reckoned 2,240 pounds to the ton, and that, without any notice or ceremony, the miners were informed that on and after a given day they would have to turn out 2,800 pounds to the ton.

The CHAIRMAN. Suppose that instead of that the notice had been in this form: "Hereafter, instead of paying a dollar a ton, this company will pay but 80 cents," would there be any difference?

Mr. HICKEY. The difference is this. The great public outside don't know anything about the facts. They pay so much a ton for coal, and they understand that a ton in the mines means the same as a ton in the market. Such a rule reduces the wages too for mining coal, and the general public don't know anything about it.

The CHAIRMAN. I don't see what interest the general public have in that question.

Mr. HICKEY. They have a great interest. The newspapers announce that coal costs the company so much per ton to mine, but the fact is that it is a ton and a quarter that costs the price which they say a ton costs.

The CHAIRMAN. But you have just testified here that the companies regulate the price of coal in the market, and do not send any more to market than they can sell at their own price.

Mr. HICKEY. Well, but at the same time this misleads public opinion.

Mr. THOMPSON. In other words, you think it is a deceptive or dishonest way of stating facts to the public.

Mr. HICKEY. That is the idea.

Mr. THOMPSON. How would you remedy that? Suppose I choose to tell you a story by innuendo, how can you regulate that by law?

Mr. HICKEY. That is the question to be considered.

The CHAIRMAN. In the old charcoal days a ton of blooms was always 2,464 pounds, whereas a ton of pig-iron was always 2,240 pounds. But was anybody deceived by that difference? Not at all. When I bought a ton of the one I knew I was to get 2,464 pounds, and when I bought a ton of the other I knew that it was only 2,240 pounds. That has been one of the customs of the iron trade for a hundred years.

Mr. HICKEY. But this which we complain of is only a custom that this particular company has established a short time ago. I mention the matter because, in all probability, you will be waited upon by Messrs. Sloan & Dickson and others who are large owners of coal mines, and they probably—Mr. Dickson in particular—will represent that they pay so much per ton for mining coal; and unless you put the question directly to him the chances are that he will not say anything about this 2,800 pounds business.

Mr. THOMPSON. Do other companies pay for 2,240 pounds as a ton?

Mr. HICKEY. That is the only company around there that pays by the ton.

The CHAIRMAN. The others pay by the car-load, do they not?

Mr. HICKEY. Some of them. The Delaware and Hudson Canal Company, for the most part, pays by the ton; the Delaware, Lackawanna and Western Company pays, for the most part, by the car-load.

Mr. THOMPSON. When you gave the figures $1.31 and $1.52 per car, how much did that car that you had in mind contain?

Mr. HICKEY. The company expects that every "diamond" car shall have a ton and a half of clean coal run through the breaker.

Allow me to make another recommendation, which, if acted upon, would greatly benefit this locality, although the measure would be general. A large number of our people here wish to settle on the land, but they are unable to do so. I refer now to industrious men who are able and willing to work, but who cannot get anything to do, aside from the question of pay altogether. Now, if this committee is anxious to benefit the people of this particular locality, and of the country generally, let them go to Washington and say to the Congress of the United States, "We must extend some aid to these poor people to enable them to get upon the land and go to work."

The CHAIRMAN. That proposition has been laid before the committee by several witnesses in great detail, and more than that, your own Representative, Mr. Wright, has introduced a bill with the same object, and made a very elaborate and careful speech in advocacy of it.

Mr. HICKEY. I know that. I merely mention it to bring it to your attention.

VIEWS OF MR. JAMES O'HALLORAN.

JAMES O'HALLORAN, a practical miner, of fourteen years' experience, appeared before the committee and was examined as follows:

The CHAIRMAN. You are what is called a "miner," not a "helper," I understand?

Mr. O'HALLORAN. I am a practical miner.

The CHAIRMAN. Can you state whether there are any grievances sustained by the mining population of these regions which, in your judgment, could be corrected by Federal legislation?

Mr. O'HALLORAN. I can state the grievances, but I don't know whether Federal legislation can reach them or not.

The CHAIRMAN. Be good enough to state the grievances, and leave us to judge whether they can be reached by Federal legislation.

Mr. O'HALLORAN. From the close of the war, in 1865, until 1868 there was a continual reduction of wages in this anthracite coal region, while the necessaries of life continued at high prices; and in 1869 the men formed a *basis*, providing that when coal was selling at a certain price in New York their labor for mining and loading the coal here should be worth so much, and when it went below that price it was not profitable for either employer or employé to work at the business. That basis also provided that if coal advanced above this price (which was $5 or $6 per ton at tide-water), the men should get an advance in their pay. The Delaware, Lackawanna and Western, and the Delaware and Hudson Canal Company, and the Pennsylvania Railroad Company never had a basis; they mined by the car, and in 1870 they flooded the market with coal, and the consequence was that they had to reduce, or did reduce, the wages of their miners 33 per cent. I was then at work under Pardee & Co. before they consolidated with the Lehigh Valley Railroad Company. We agreed to suspend on the 10th day of January, in order that the market should be cleared of the surplus stock, and that we might maintain the regular prices and be able to get a living—nothing more. The companies then combined against the miners, and said that they would

not allow them to go to work at all unless they accepted 10 per cent. reduction in that section of the country, and 33 per cent. here; the individual operators who were willing to pay us the price that we left off at (and we did not ask any more than that to resume), were not able to give us work because of the tariff which the railroad companies charged them for carrying the coal. For instance, Mr. Gowen, of the Reading road, charged $6 for carrying a ton of coal from Pottsville to Philadelphia, about ninety-three miles. We took action against the companies, and brought them to Harrisburg before the judiciary committee of the senate, in 1871. I think Mr. William A. Wallace was the chairman of the committee.

Mr. THOMPSON. Was that the committee of which Mr. Ruttan, of Beaver County, was a member?

Mr. O'HALLORAN. Yes, and the Hon. Harry White was also of the committee. It was a party from Danville who took the action, and the investigation lasted for about three weeks. The different companies were represented before the committee and the question was asked whether Mr. Gowen had a right to charge six dollars for carrying a ton of coal from Pottsville to Philadelphia, 93 miles, when his charter stipulated that he was to carry merchandise at one and a half cents per ton per mile. The answer of the company was that although the charter provided that he was to transport merchandise at that rate, it did not provide that he was to furnish the cars, and he said: "If these parties will put their own cars on the road, we will transport their coal for a cent and a half per ton per mile; but if they want their merchandise transported in our cars, we will charge them a cent and a half per ton per mile for the use of the road and the moving power, and then we will charge them whatever we please for the use of the car."

Mr. THOMPSON. Was that view sustained?

Mr. O'HALLORAN. That view was sustained. He defied the legislature of Pennsylvania.

Mr. THOMPSON. That was because he had a charter.

Mr. O'HALLORAN. He had a charter. He said he was simply a common carrier, supplying the road and the moving power, but not compelled to supply the cars.

Mr. THOMPSON. Do you mean to say that that is the argument that Mr. Gowen made before that committee?

Mr. O'HALLORAN. That is the argument on record.

Mr. THOMPSON. That as a common carrier he was not obliged to supply anything but the road-bed and the moving power?

Mr. O'HALLORAN. Yes; that was the argument, and it stands recorded so, I believe.

Mr. THOMPSON. Do you mean the committee which met for a considerable time at the Continental Hotel?

Mr. O'HALLORAN. No, sir. They met in the senate chamber at Harrisburg; the committee on the judiciary.

The CHAIRMAN. The result was that the right of the company to charge six dollars was sustained, I suppose?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. Now, if the charters of these companies allow them to impose rates which are prohibitory, what remedy have you to suggest?

Mr. O'HALLORAN. I have none; I am giving you the facts. Better minds than mine can probably suggest the remedy.

The CHAIRMAN. How does that power residing in the corporations affect the interests of the coal miners and the laborers?

Mr. O'HALLORAN. It is running this country into an aristocracy which will be as destructive as it ever was in the old countries. It is producing a centralization of power.

The CHAIRMAN. You mean, I suppose, an aristocracy of corporations instead of an aristocracy of individuals?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. And your idea is, that by some process or other this ought to be stopped?

Mr. O'HALLORAN. It ought to be stopped. If the State of Pennsylvania gives a company a right to run a railroad through my farm, and to take down my house if it stands in the way (paying me a fair compensation), I think that the State, when it does that, ought to guard the rights of the citizen against oppression by that company.

The CHAIRMAN. Well, the State seems to have attempted that in this case, and the rate established appears to have been no more than a fair one, because the Reading Company has been in a good deal of financial trouble, I believe.

Mr. O'HALLORAN. Yes. A coal operator there was put on the stand to testify in our behalf, and was asked whether, if the Reading Company had carried his coal at the former rates, he could have afforded to pay his men the wages they asked and at the same time have made a fair, living profit on his capital invested; and he testified on his oath that he could have done so, and that he was perfectly satisfied with what he could have made out of his capital under such circumstances.

The CHAIRMAN. If these companies were prohibited from going into the business of coal-mining and iron-making, and were limited to carrying on their own legitimate business as transportation companies or common carriers, would that afford a remedy?

Mr. O'HALLORAN. Most undoubtedly it would. Every man to his calling.

Mr. RICE. Your legislature has revisory power, I suppose, over all railroad charters that have been granted by the State?

Mr. O'HALLORAN. I don't know.

Mr. RICE. If it has, then the proper course is to bring your influence to bear on the legislature to have the charters of those companies modified.

Mr. THOMPSON. The only complication is, that in 1873 our State adopted a new constitution containing provisions having special reference to corporations, and the supreme court has held that charters which existed prior to that time are not affected by it; otherwise, of course, the corporations are the creatures of the State.

Mr. O'HALLORAN. It has been a great curse in this State to allow any of the carrying companies to be at the same time mining companies. Some time ago the Philadelphia and Reading Company were simply common carriers, but they saw competition coming on, and feared that a certain amount of the business would go away from them, and the consequence was that Mr. Gowen came down with his friends and had a company incorporated at Harrisburg, under the name of the Laurel Hill Improvement Company. A protest was entered from the miners of the anthracite coal-fields, but notwithstanding that protest and the petitions that were sent in, this company were able to get their charter through as miners and shippers of coal and manufacturers of iron. Mr. Gowen then went to London and borrowed $40,000,000, and bought up about 90,000 acres of coal-lands, some of which will not be mined for a hundrdr years to come. Of course, the interest has to be paid upon that debt, and the peominers have got to pay it. These people are bearing now the burden of this debtoin curred for land that will not be productive for, perhaps, five hundred years.

The CHAIRMAN. But somebody got the money for that land?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. And that money came from abroad and was circulated here in this country?

Mr. O'HALLORAN. Yes; but there was no need of it. There were forty-six improved collieries in it already, but Mr. Gowen did not want to have another railroad running alongside of his, and so he made this purchase and impoverished the present generation for the benefit of generations yet unborn.

The CHAIRMAN. You have evidently confounded two distinct things. I do not think the evil arose from the money being borrowed to buy the land. That simply brought into the country so much money, and that money is here. The great grievance is in having a common carrier become also a coal operator.

Mr. O'HALLORAN. Well, that is the view I am stating—that the legislature had no right to grant this charter.

The CHAIRMAN. If they had no legal right to grant it then the charter would be void, and some one should raise the question and have the charter forfeited.

Mr. O'HALLORAN. We protested against it in a petition to the legislature.

Mr. THOMPSON. What year was that?

Mr. O'HALLORAN. Eighteen hundred and seventy.

Now as to the supply: We tried in 1870 to regulate the supply by working five days a week, or only four days a week if necessary, in order to keep the market in a healthy condition. The employers said to us, "You have no right to control our business." We did not say that we had, but it was a mutual agreement. Now they are doing the same thing themselves.

Mr. THOMPSON. It did not make much difference to the people in the West, who bought your coal, whether your plan of reducing the supply or the employer's plan was adopted; the effect was to make us pay more than we ought to pay for our coal.

Mr. O'HALLORAN. The effect would be to keep coal at a fair remunerative rate for the labor and the capital invested.

Mr. THOMPSON. But the effect of either plan would be to make the consumer pay an unfair price for the benefit of the operators and the laborers here.

Mr. O'HALLORAN. No; for certainly if you had to pay a high price, you would make it out of your manufactures, for which the consumers of them would have to pay.

The CHAIRMAN. Suppose it had been with the Pittsburgh manufacturers as it was with us at Durham, where coal was costing so high that we had to put out our furnaces?

Mr. O'HALLORAN. This was an exceptional case.

The CHAIRMAN. No; half the furnaces on the Lehigh are out of blast because the owners cannot afford to buy coal. It is so high to-day that they cannot get back what it cost them. At Durham we made iron as low as anybody on the Lehigh, fourteen dollars, but a rise in the price of coal of 25 cents a ton affected us so that we could not get fourteen dollars out of it.

Mr. HICKEY. Don't they make iron cheaper than that?

The CHAIRMAN. Not east of the Alleghanies. They do make it cheaper west and

south of the Alleghanies, but when you add the cost of freight to the seaboard it raises the price above that.

Mr. HICKEY. I remember seeing a statement that they were making iron in Ohio at ten dollars.

The CHAIRMAN. Yes; but if that were brought here it would cost more than four dollars a ton to lay it down in New York. Now, Mr. O'Halloran, you have spoken of an attempt to arrive at a mutual understanding as to the price to be paid for mining and the amount of coal to be mined; have you got any organization of the miners here by which you are in a condition to treat with the operators?

Mr. O'HALLORAN. Not now; we had formerly.

The CHAIRMAN. Were you met freely and frankly by the operators?

Mr. O'HALLORAN. Not in this section. They have never acknowledged the organization of the workingmen here at all.

Mr. CHISHOLM. With one exception. President Dickson is willing to meet his men at any time in regard to any grievance that they may complain of, and he always treats them in a gentlemanly manner.

The CHAIRMAN. I suppose you are all familiar with the great miners' organization in England, numbering hundreds of thousands of members? The black list has come to an end there, for the reason that the men are now so strong that they will not allow one of their number to be put on a black list; and I should like to know why the workingmen of this region are not trying to form a similar organization by which they can assert their natural, legal, and just rights.

Mr. O'HALLORAN. They have done it in the past; but every man who was a leader became a marked man and a victim.

The CHAIRMAN. You know that the same spirit existed in England until it passed away under the influence of the great trade organizations. Boards of conciliation have been established, and they met and discussed questions at issue between the operators and the men; and when they cannot agree they call in arbitrators, and so disputed questions are set at rest. But I wish you to understand what I mean by a trade organization. Of course we have all heard of the "Mollie Maguires." That I do not call a trade organization; that is an organization which every good man must reprobte. I speak of an open organization of the workingmen. Don't you think that the employers of this region would favor such an organization?

Mr. O'HALLORAN. I don't know what they would do now, but in the past they have not done so. On the 10th of May, 1869, we went into a strike for the purpose of getting a basis and a sliding scale, and these three companies here would not recognize the men's organization in any way; they simply said they would pay the men so much per day to mine coal, and if they did not like that they would not employ them.

The CHAIRMAN. The same state of things has existed in other countries; but the men have persevered and formed strong organizations, and the result has been that they have been able to assert their rights successfully.

Mr. O'HALLORAN. Yes; that is easy enough to do in Great Britain, where the men are, as you may say, of one family—English, Scotch, and Irish—but here you have a heterogenous mass to deal with. I do not say that the fault is altogether with the operators; it is fully as much with the workingmen themselves, because they won't unite; and whenever it is attempted some one man will be sure to betray the others.

The CHAIRMAN. The general idea seems to be that by some process of legislation you can get out of your difficulties. Now, legislation has never yet succeeded in regulating wages in any country; but by combining among yourselves, by sticking together, and at the same time refraining from all violence, you ought, it seems to me, to be able to arrive at a position where you can command all that you are entitled to.

Mr. O'HALLORAN. Most undoubtedly we would have arrived at that long ago if it were not for the arbitrary spirit of the companies; but the moment an intelligent man among the workingmen stands up (and such a man is generally in favor of law and order) he is discharged, and so, as a matter of self-protection, the intelligent, respectable workingmen avoid taking any steps of that kind, and when strikes are brought about it is generally by birds of passage, who are here to-day and away to-morrow, and who have nothing to lose, while the respectable workingmen living here and having property have to suffer for it. The consequence is that you cannot keep up an organization of the better portion of the workingmen under the circumstances.

The CHAIRMAN. Certainly, if the employers are so illiberal as to discharge every man who simply asks a question or seeks to assert the rights of his class, it is very hard for the workingmen to organize.

Mr. O'HALLORAN. In 1871 we had an arbitration board at Mauch Chunk. The umpire decided that we should come down 10 per cent. and we did, and he said in his decision that no man should be discharged for taking an honorable or active part in an organization of the workingmen. I went home and worked three weeks, when I was discharged.

The CHAIRMAN. A transaction like that is very discreditable to the employers who

do it, and I do not wonder that the men to whom it is done feel outraged, but I should think that by organizing you might compel a recognition of your rights.

Mr. O'HALLORAN. I hope so. I have no hostility myself to the corporations. I believe they should get good remuneration for the capital they have invested, and I have a great respect for law and order, but if I stand up among my fellow-workmen to advocate our rights I do not think there is any justice in punishing me for it in that way. I will say that I have found many of the employers good, liberal men; the fault is generally with the bosses, who are often foreigners, narrow-minded, low, little creatures, that haven't a soul above a pick, and to a great extent the American employers are led by them. There are mining bosses that are not fit for their positions, and they have too much influence.

Mr. THOMPSON. Are those bosses that you refer to native born?

Mr. O'HALLORAN. No; they are principally foreign born.

The CHAIRMAN. A great proportion of the miners are foreigners, I suppose?

Mr. O'HALLORAN: Yes; natives of this country do not seem to have much taste for mining.

The CHAIRMAN. I understand, then, from all that you have said that you workingmen have no organization at present.

Mr. O'HALLORAN. We have none. If a man were to start one to-morrow he would be discharged the first thing, and all the prominent men connected with the organization would have to go too.

Mr. HICKEY. I believe that those Mollie Maguire outrages that the chairman referred to a while ago were brought about just by the want of a regular legitimate organization of the workingmen.

The CHAIRMAN. Yes, I agree that the fruit of refusing to reason with people is always violence, but those Mollie Maguire murders did occur and their occurrence was a great injury to the cause of the workingmen here. I happened to know a mining boss in a colliery who discharged a man in the morning and who was shot dead before night.

Mr. HICKEY. If you could get to the bottom of that case I think you would find that the mining boss had been a tyrant.

The CHAIRMAN. No; I knew the character of that mining-boss quite well, and he was not a tyrant; he had an excellent character in every particular. I think the man who shot him was drunk at the time.

Mr. HICKEY. Where was it?

The CHAIRMAN. He was shot at the Philadelphia colliery near Pottsville, about three years ago.

Mr. HICKEY. Well, I think that most of the violence that occurred at that time occurred just on account of not having a workingmen's organization.

The CHAIRMAN. I agree with you that the closer the relations between those who pay and those who earn wages the less likely you are to have strikes or violence of any kind, and if I had the power to-day I should try to form organizations of the workingmen and of the employers, so as to have boards of conciliation appointed who should discuss questions in dispute between the two classes, and should call in arbitrators where they could not agree. You are now working in the mines, Mr. O'Halloran?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. What did you earn last month?

Mr. O'HALLORAN. Twenty-five dollars.

The CHAIRMAN. What did your helper earn?

Mr. O'HALLORAN. About $20.

The CHAIRMAN. Was that a fair average?

Mr. O'HALLORAN. No. In the colliery where I worked they make three-quarter time, because it belongs to the Erie Railway Company and they consume their own coal. The other colleries around here are making only half time.

The CHAIRMAN. In a colliery which is worked for the market a miner is now earning about how much per month.

Mr. O'HALLORAN. About $20; and a helper about $15 or $16.

The CHAIRMAN. How many days' work does the miner do for $20?

Mr. O'HALLORAN. Collieries differ. In some a miner gets from $1.50 to $1.80, and in some $1.90 a day; and a helper from $1.30 to $1.60.

The CHAIRMAN. Then if you had full work in this region you would be about as well off as the average of the laboring classes in the country at this time?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. What you want is that more coal should be sold so as to get fuller employment?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. Can you suggest any way by which the market for coal can be enlarged?

Mr. O'HALLORAN. There are people who have a great deal more at stake in the country than I have who would like to find that out if they could.

The CHAIRMAN. But coal is sold at a very low price at present, so that it will not do to reduce the price. That is the plan generally adopted to enlarge the market for an article; but it would not serve the purpose in this case. Haven't we all got down to a point where we must wait for a general revival of business, and are not you workingmen here victims of the general depression, your condition being aggravated by the fact that you have a larger mining population in this region than is required for the work that is to be done?

Mr. O'HALLORAN. Yes; it has been so ever since the war. In 1866, '67, and '68 we had one-fifth too much; but now we have fully one-half too much.

The CHAIRMAN. Then wouldn't it be a great advantage to you if the surplus labor accumulated here could be distributed to other parts of the country?

Mr. O'HALLORAN. That is what we want to do. We are in favor of some legislation that would effect that, by giving people some help to go upon the land and put in a crop. After that they would be able to sustain themselves.

The CHAIRMAN. In the history of this country we have had two or three periods of depression like this, and in the panics of 1857 and 1837 people helped themselves, and went to the West. They had fewer railroads and other facilities for travel then, and they went by wagon over long reaches of territory until they found desirable homes.

Mr. O'HALLORAN. People were generally self-sustaining in those days, but after the war so many men turned up who wanted to live without work that it has made a much worse condition of things.

The CHAIRMAN. But after the war we had a great revival of business industry and there was a general demand for labor?

Mr. O'HALLORAN. Yes; but there were a great many men who didn't work and didn't want to work—"colonels" and "generals" and "captains," and they have sucked the life-blood out of the people.

The CHAIRMAN. How did they get at the life-blood? They didn't pick people's pockets, did they?

Mr. O'HALLORAN. Some of them went into speculations without a dollar.

The CHAIRMAN. Well, anybody may go to speculating, or swapping jack-knives, or gambling, or anything of that sort, and undoubtedly it indicates a demoralized tone in the community, but I suppose they were not practical miners who went into speculation. Your trouble here is that you have too many miners, and you have had too many miners in this region ever since the close of the war. Now, after the war there was a long period of prosperity, during which many of them could have gone West and settled upon land if they wanted to do so.

Mr. O'HALLORAN. They were not encouraged to go. Working-people generally are illiterate and do not know so much as the people who employ them. When an operator struck a shaft here he began selling town lots to his men, charging $75 for a corner lot and $50 for a side lot, and afterward as high as $100, and when he got a sufficient number of people stuck down on this little piece of land about his coal-breaker, he turned around and said: "You must work for me now on my own terms, for you can't get away; you don't get enough to enable you to leave here."

The CHAIRMAN. Then is it your idea that wherever men make a mistake (owing to their own ignorance, if you please) and get into a situation where they are unable to make a living, the government should intervene and remove them to some other place where they can make a living?

Mr. O'HALLORAN. No; I am not of that opinion; but I do say that the first duty of a government is to take care of its people, and if, from any cause not growing out of their own negligence or fault, a war for instance, a large body of the people are unable to find anything to do to make a living, I do think that a popular government like this, which has plenty of land of its own, and plenty of money, ought to do something to locate those people upon the land.

The CHAIRMAN. Yes; this government has plenty of land at the West, and every man who desires can go there and get land. As you say, the government has got the money, too; but how does it get money? By taxing somebody, is it not?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. Whom would you have the government tax for this purpose?

Mr. O'HALLORAN. Those that can afford to pay the tax.

The CHAIRMAN. You gentlemen here who are earning $20 or $25 a month, have you ever realized the fact that you are tax-payers yourselves?

Mr. O'HALLORAN. Certainly; and I am perfectly satisfied that the people who can pay should be taxed to help to remove these people, who have nothing to do, onto the land. It is better to help them in that way than to have them go into the poorhouse and have to support them there, because you must keep them in some way; you can't let them die of hunger.

The CHAIRMAN. Then, according to that view, is it not the business of the local governments, which have to maintain the poorhouses, to send those people away, and not

the business of the general government? The purposes for which our Federal government was instituted are set forth in the form of a Constitution. Now, the people who sustain the poorhouses are the local communities, and according to your view they are the communities that ought to send these poor people onto the land. The general government gives the land freely to all who will go and settle upon it.

Mr. O'HALLORAN. Why does the government borrow money in time of need?

The CHAIRMAN. To do certain things which the Constitution authorizes it to do.

Mr. O'HALLORAN. Exactly; and now the people ask a similar loan.

The CHAIRMAN. But the government never lends to individuals. It has no authority to do that.

Mr. O'HALLORAN. But it has authority to borrow money from individuals.

The CHAIRMAN. Yes; it can borrow, but it cannot lend.

Mr. HICKEY. Where do you find it in the Constitution of the United States that the government cannot lend money to an individual?

The CHAIRMAN. The Government of the United States is a creature with granted powers; whatever it is granted power to do, that it can do, but it has no power that is not granted.

Mr. HICKEY. There is nothing in the Constitution of the United States that you can torture into saying, either directly or by implication, that the government shall not lend money to an individual.

The CHAIRMAN. O, no. But you proceed upon a wrong theory. The Constitution provides that the general government may do certain things, and the powers of the general government are simply the powers so granted in the Constitution.

Mr. CHISHOLM. Has not the Congress of the United States the attribute of sovereignty?

The CHAIRMAN. Those are vague questions which I cannot answer. I will answer anything that I understand.

Mr. THOMPSON. In construing the constitution of your State you go upon the principle that whatever power is not prohibited is granted; but in construing the Constitution of the United States you must go upon the opposite principle, that what is not expressly granted is withheld.

Mr. HICKEY. We know that in many instances our government has lent its credit to railroad companies, and, if we are not much mistaken, it will lend its credit to the Texas Pacific Railroad Company at the next session of Congress, and if you as Congressmen have the right to lend the credit of the government to that railroad company, you surely have a right to lend it to such of the people as require assistance in order to settle upon land.

Mr. THOMPSON. In other words, you think that if the government should make a loan to the Texas Pacific Railroad Company upon the theory of developing the resources of the country, it might properly, upon the same ground, make a loan to the people who wish to go upon the land and so to aid in developing the country in another way?

Mr. HICKEY. Yes.

The CHAIRMAN. I will accept that view; but I contend that it is not within the power of Congress to make the loan in either case.

Mr. HICKEY. If the Government of the United States can grant a strip of land twenty miles in extent on each side of a railroad, why can't they do the same thing for individuals?

The CHAIRMAN. They have done exactly the same thing in that respect for individuals, and every man now who chooses can go out and settle upon the land. The government did not give the railway companies any money; the government issued bonds for the purpose of aiding in the building a railroad, but that was done under its authority to provide for military defense and to establish post-roads. Upon the same principle the government at one time did actually construct the Maysville and Cumberland road. I do not defend that legislation; I think it was all wrong, and I never should vote for any such grant, but I call your attention to the fact that what was done in those cases was defended upon an entirely different ground from that upon which you put your proposition.

Mr. RICE. Yes; it was done under the authority to establish post-routes and to provide for the defense of the country, and the constitutionality of it was very doubtful even then.

Mr. HICKEY. A little while ago the chairman remarked that poverty and distress such as we have been talking about always bred discontent and violence.

The CHAIRMAN. Yes.

Mr. HICKEY. That is a bad state of affairs, and certainly very adverse to the general welfare.

The CHAIRMAN. It is.

Mr. HICKEY. Now, it has been stated in Congress that there are two millions of men in this country idle——

The CHAIRMAN. Well, it is not true. There are not two millions, nor two hundred

thousand idle workingmen in this country. You live in the worst region, in that respect, in the country. There are more people idle here, in proportion to the population, than anywhere else.

Mr. HICKEY. Why should not the government provide for the general welfare by giving these people something to do?

The CHAIRMAN. The power to provide for the general welfare is limited by specific grants which are contained in the Constitution. The things there specified the general government may do, and it does them with the view of providing for the general welfare; but other things not there specified cannot be done by the general government, even though they might be conducive to the general welfare. For example, it would probably be regarded as for the general welfare if the government should distribute a quart of milk to every family in the country every morning; but no man supposes that the government would have any right to do that. The expression in the Constitution about providing for the general welfare is simply used to indicate the purpose for which the powers granted to the general government are to be exercised.

Mr. HICKEY. Take your own city of New York, for instance. You have there a great number of people living in tenement houses, and you have to pay an army of policemen to prevent them from robbing and killing you.

The CHAIRMAN. No; it is exactly the other way, to prevent the rich from robbing the people in the tenement houses.

Mr. HICKEY. Well, those people, you say, are dangerous.

The CHAIRMAN. No; we do not say that the people in the tenement houses are dangerous. I represent a district which embraces more tenement houses than any other district in New York, and I am not afraid to go into any part of it or into the houses in any part of it. The people who live in the tenement houses are mostly respectable mechanics who earn their living honestly and are not dangerous.

Mr. HICKEY. The way respectability is measured now is by the number of corner lots that a man owns.

The CHAIRMAN. That is a view which I am sure, on reflection, you will not think a worthy one for you to present.

Mr. HICKEY. But it is the view of the great mass of the American people to-day.

The CHAIRMAN. Then if the great mass of the American people take that view it is the view that must be accepted and acted upon by their representatives under our system of government.

Mr. HICKEY. It is the view of the Congress of the United States itself.

Mr. THOMPSON. How do you ascertain that?

Mr. HICKEY. Why, you say that such a man is "a very respectable man"; that he controls, this, that, and the other thing.

Mr. THOMPSON. Who says that?

Mr. HICKEY. Go into any court and you will hear the same view expressed.

Mr. THOMPSON. I have practiced law twenty-four years, and I assert here that I would a great deal rather go before a jury with a poor man for my client than with a rich client, and that in nine cases out of ten the poor man would stand a better chance. That is one good quality of human nature, that if you can show that a man is injured and downtrodden, the fact appeals at once to our better nature. You can raise a prejudice against a rich man because he is rich, but you cannot excite prejudice against a poor man on account of his poverty. On the contrary, his poverty is his shield.

Mr. HICKEY. Not here.

The CHAIRMAN. Are not the majority of the people here poor, and hasn't every man the right of suffrage?

Mr. HICKEY. Not here.

The CHAIRMAN. Haven't the people here sent General Wright to Congress?

Mr. HICKEY. Yes.

The CHAIRMAN. Does he represent the rich or the poor, the minority or the majority in the community?

Mr. HICKEY. The majority.

The CHAIRMAN. Then why do you say that poor men here have not the right of suffrage?

Mr. HICKEY. I do not consider that they have the right of suffrage when a foreman stands at his window and says, as a poor man goes up to cast his ballot, "There is another of those God-damned short tickets going in; we will have to see to that fellow"; and when, a day or two previous to the election, another man is told that the best thing he can do is to keep his mouth closed. In such cases men have the right of suffrage only in name, not in fact.

Mr. THOMPSON. Don't you know that Mr. Gowen and Mr. Tom Scott are opposed to each other in politics?

Mr. HICKEY. No, sir.

Mr. THOMPSON. They are avowedly and notoriously so.

Mr. HICKEY. They are in name, but only in name; not in fact. Let a question of the rights of labor, or the rights of humanity, come up, and Gowen and Scott will be

found on the same side. Politics do not amount to much in these matters. Here, for instance, is Mr. Hewitt, the chairman of this committee; he has occupied a very prominent place in the Democratic party, yet we find him, an avowed Democrat, voting side by side with men like Garfield and Sherman, of Ohio, on these financial questions.

The CHAIRMAN. Have you ever voted on the same side with some of the rich men here?

Mr. HICKEY. The majority of our rich men vote one way, and their principal business, politically, is to coerce a sufficient number of poor men to vote with them.

The CHAIRMAN. Have they coerced them? Haven't the majority of the people elected Mr. Wright as their Representative?

Mr. HICKEY. Yes.

The CHAIRMAN. Then the rich men have not succeeded in coercing the poor voters.

Mr. THOMPSON. You say that rich men vote together, and you cite Mr. Hewitt as an example, but look at Mr. Hewitt and Mr. Peter Cooper, both prominent men, closely connected, yet their politics are as wide apart as the poles.

The CHAIRMAN. I have voted on the same side with Mr. Garfield and against Mr. Cooper. I have voted on all questions according to my conscience, and I tell you that Representatives who do not vote conscientiously are unworthy Representatives.

Mr. HICKEY. I only mentioned your name to illustrate the fact that there is no substantial difference, politically, between Mr. Scott and Mr. Gowen.

Mr. THOMPSON. But your illustration does not serve its purpose; on the contrary, it proves that there is a great difference. Whenever you get all men to go to the same church, or the same school, or to want to marry the same woman, then your theory will be sound.

Mr. HICKEY. James Fisk once illustrated my point very well. He was summoned before an investigating committee of the New York legislature, and, in reply to some question about his politics, he put it in this way: That in strong Democratic districts the Erie Company was Democratic, in strong Republican districts Republican, and in doubtful districts both Democratic and Republican. Our object, said he, was to procure Erie men, and it did not make any difference what name you gave them.

The CHAIRMAN. Do you think that because General Garfield is a Republican he cannot hold a sound view on any subject?

Mr. HICKEY. I only spoke of your voting with him on the financial question.

The CHAIRMAN. And why not? I happened to agree with him on that question.

Here the committee took a brief recess.

After recess Mr. JAMES O'HALLORAN was recalled, and the following proceedings took place:

The CHAIRMAN. How many shifts are worked now here in the mines?

Mr. O'HALLORAN. Only one in ordinary work. In such things as driving headings and air-ways they work two shifts.

The CHAIRMAN. Do you mean to say that the men work days and not nights?

Mr. O'HALLORAN. Not nights.

The CHAIRMAN. How many hours constitute a shift now?

Mr. O'HALLORAN. It varies according to the vein of coal. In some places coal is harder and in some places easier to be got. In some places men can get enough coal for so many cars in four or five hours' work, and in other places it requires eight or nine hours' work.

The CHAIRMAN. How many hours are considered to be a day's work in the mines here?

Mr. O'HALLORAN. That is according to the size of cars and collieries. In some places five hours are considered a day's work, and in some places six.

The CHAIRMAN. Then the cars are not all of uniform size?

Mr. O'HALLORAN. They are not all of uniform size.

The CHAIRMAN. They speak here of the diamond car; is that a special designation of a car?

Mr. O'HALLORAN. Yes; it is called so from the diamond vein belonging to the Delaware, Lackawanna and Western Company.

The CHAIRMAN. In flush times how many shifts were worked in the mines—more than are worked now?

Mr. O'HALLORAN. No, sir; they always worked only one shift, except in the case of headings and air-ways—opening up the workings.

The CHAIRMAN. When times were flush was the length of the day's work as much as it is now?

Mr. O'HALLORAN. The men are working now only half or three-quarter time. During that time they worked ten hours a day.

The CHAIRMAN. And with one set of hands?

Mr. O'HALLORAN. With one set of hands. It was all day-work. Outside, around the breakers, the men worked ten hours a day.

The CHAIRMAN. I have heard it said that one reason why there is an excessive population in this region is that the men were receiving pretty high pay in good times; that they worked few hours; and that in that way a larger force of men was kept on hand than if they had worked long turns.

Mr. O'HALLORAN. No. The capacity of a shaft or slope is according to its breaker. If the machinery is capable of hoisting so many cars of coal, they do that much work, and they keep enough hands on to manage the amount of coal which the machinery is able to hoist.

The CHAIRMAN. But was it not the policy of the companies here always to try to have a large excess of mining population on hand, so as to have a stock of labor to draw upon?

Mr. O'HALLORAN. That has been the case generally, and in no place so much as where the companies had stores in connection with their works.

The CHAIRMAN. What was the means by which the companies contrived to keep this excess of population on hand and contented? Did the companies distribute the work among them so that the men did not work full time?

Mr. O'HALLORAN. Exactly. That is the way they did it.

The CHAIRMAN. And in the flush times, how many days' work in the week did men usually do?

Mr. O'HALLORAN. In this valley here the men generally worked full time—about 24 days in the month. In the Schuylkill section they generally worked 20 days in the month.

The CHAIRMAN. Then there was always a little surplus of labor, so that when one man dropped off another took his place?

Mr. O'HALLORAN. Yes, always.

The CHAIRMAN. Was there any understanding by which a man must not work more than 20 days in the month? Was it limited in any way, or was that matter voluntary on the part of the men?

Mr. O'HALLORAN. It was not voluntary on the part of the men. The men worked every day that they could get work.

The CHAIRMAN. The companies did the limitation?

Mr. O'HALLORAN. Yes, sir.

Mr. RICE. You, for instance, would work 25 days in the month if the companies gave you work?

Mr. O'HALLORAN. Exactly.

The CHAIRMAN. Has it been a matter of long standing that there has been an excessive population ready to do this mining work?

Mr. O'HALLORAN. After the war, in 1865, there seemed to be a little slacking off in the work. In 1869 the work got better again. Then the strike commenced in 1871, and from 1871 to 1873 employment was pretty regular. It would average 22 days a month. It has been falling off ever since.

The CHAIRMAN. You spoke of stores in connection with the companies' works. Is that the general practice throughout this region?

Mr. O'HALLORAN. Not here. The Delaware, Lackawanna and Western, and the Delaware and Hudson, and the Pennsylvania Coal Companies have never kept stores in connection with their works. They pay cash. It is only in the other regions that such stores are kept.

The CHAIRMAN. Then it is mostly private operators that keep these stores?

Mr. O'HALLORAN. The Hazleton Coal Company used to keep stores in connection with their works. The Wilkesbarre Coal and Iron Company did not keep a store directly in their name; but there has been a store kept in connection with their works.

The CHAIRMAN. Do these stores charge higher prices than ordinary stores?

Mr. O'HALLORAN. I know, of my own knowledge, stores where they charged from 20 to 30 per cent. higher than the goods could be got in other places for cash.

The CHAIRMAN. Was the mining population in the collieries which had these stores in connection with their works in worse condition than the mining population in other places?

Mr. O'HALLORAN. They were not in any worse condition; but it seemed arbitrary to compel them to deal in those stores. If a man drove up to the door of a miner with a wagon and dumped a barrel of flour there, and if the boss of the mine found it out, he would give the miner a broad hint that if he did any more of that trading he might go and get work elsewhere.

The CHAIRMAN. Have there been many efforts here to provide rational recreation or instruction for the mining and working-classes, in the way of reading-rooms, club-rooms, singing-rooms, &c.?

Mr. O'HALLORAN. Nothing except what the people do for themselves. In connection with church matters they have literary societies and singing societies and Sunday schools, &c. But this is individual enterprise and generally sectional. For instance, the Father Matthew Society, which is Roman Catholic, provides entertainments on Sunday evenings in this city, and other societies belonging to other churches do the

same. They have literary and musical entertainments. But there is nothing done by the public.

The CHAIRMAN. I meant to ask whether the owners of collieries united in doing anything of that sort?

Mr. O'HALLORAN. They do not.

The CHAIRMAN. How far has intemperance been an evil in this region? Is the mining population here given much to excessive drinking, and has that been one of the great evils in the place?

Mr. O'HALLORAN. No, sir; there isn't a quieter city in America than the city of Scranton with its 35,000 population. A few policemen keep the peace here, and the statistics of arrests brought before the mayor show this to be as quiet a city as there is in the Union.

The CHAIRMAN. Are there many temperance societies here?

Mr. O'HALLORAN. There are a good many. The Roman Catholics have their temperance societies, and the other churches have their temperance societies.

The CHAIRMAN. You think that, in the prosperous times when men could generally save money, they did not waste their money in extravagant living?

Mr. O'HALLORAN. Not the majority of them. There was a good deal of money saved by them and put into real estate here.

The CHAIRMAN. Was there much of it that went into savings banks?

Mr. O'HALLORAN. Considerable.

The CHAIRMAN. Have there been any savings-bank failures in this region?

Mr. O'HALLORAN. None that I know of.

The CHAIRMAN. Then there have been no losses on the part of the working people through savings banks?

Mr. O'HALLORAN. No, sir. The Second National Bank here failed a short time ago, but that was not a savings bank.

The CHAIRMAN. Then you set down the suffering that prevails here to the great exhaustion of the mining population in consequence of their not having employment?

Mr. O'HALLORAN. Exactly.

The CHAIRMAN. That explains it?

Mr. O'HALLORAN. That explains it.

The CHAIRMAN. And you think it is not due to improvidence on the part of the workingmen?

Mr. O'HALLORAN. It is not. The records of the county court will show that the miners have acquired a good deal of property here; but the value of their property has gone down like everything else, and if they wanted to sell it to-morrow they could not get $1,000 for what may have cost them $2,000.

The CHAIRMAN. Everybody everywhere is in about the same predicament. There is a general shrinkage of value everywhere.

Mr. THOMPSON. I have no doubt that my own immediate neighborhood is the worst off in that respect in the United States. There the production of oil has made business very active, and a few weeks ago oil which was selling at $4 a barrel is now selling at 91 cents.

The CHAIRMAN. I want Mr. Thompson to say how far the contraction of the currency can have had anything to do with the fall in the value of oil.

Mr. THOMPSON. There are two things, and only two, that have led to it. The first is that the production of oil is over 40,000 barrels a day, while the consumption, probably, is 35,000. In the next place, by a combination between the Standard Oil Company and the railroad companies, there is a discrimination against the oil producer. If a producer will sell to the Standard Oil Company, then the railroad company will ship the oil, but not otherwise.

The CHAIRMAN. Then the result is that monopoly on the one hand and over-production on the other, when they happen to concur, produce an absolute destruction of values, and that is the condition in that region. That seems to be the state of the case here as well as in the oil region.

Mr. THOMPSON. Precisely.

The CHAIRMAN. (to Mr. O'Halloran). You made a suggestion about relieving the excessive population here by putting them on the lands. In what way could the selection be made of the proper persons to go out upon the lands and to cultivate farms, because you know that everybody cannot be a farmer? How would you manage the selection? Suppose there was a chance to take away a thousand families from this region, how would you get at it?

Mr. O'HALLORAN. I should think that if Congress would make a law that assistance was to be furnished to families to go out on the public lands, suitable citizens could be found who would recommend men for their temperate habits and industry and economy. They could very easily select the proper persons to go out on the lands.

The CHAIRMAN. But if you take away all who are temperate and industrious out of the community, what would be the natural condition of those who would be left behind, as a rule?

Mr. O'HALLORAN. I do not expect that you would be able to take away all who were temperate and industrious. But if you did, and if you left the rest behind, I think it would be a good incentive for them to try to follow in the footsteps of those who had been selected; and those who are left behind might become temperate and industrious.

The CHAIRMAN. Your idea would be to leave the selection to committees of citizens?

Mr. O'HALLORAN. Yes.

The CHAIRMAN. And that would be your only mode of selecting the persons who were to go on the lands?

Mr. O'HOLLORAN. Yes.

VIEWS OF MR. J. R. THOMAS AND OTHERS.

SCRANTON, PA., *November* 13, 1878.

Mr. J. R. THOMAS came before the committee.

The CHAIRMAN. What is your business?

Mr. THOMAS. I am a blacksmith by trade.

The CHAIRMAN. Do you work at your trade?

Mr. THOMAS. Not now; at present I am a clerk in the Lackawanna County court.

The CHAIRMAN. How long is it since you have worked at your trade?

Mr. THOMAS. I worked a little at it last June, but it has been nearly two years since I worked at it regularly.

The CHAIRMAN. Did you have a shop of your own?

Mr. THOMAS. No, sir.

The CHAIRMAN. What wages did you get?

Mr. THOMAS. The last time I was getting $1.85 a day.

The CHAIRMAN. At steady work?

Mr. THOMAS. No, sir.

The CHAIRMAN. What wages did you get the last time that you had steady work?

Mr. THOMAS. $2.10 a day; that was in 1876.

The CHAIRMAN. So that, in your case, as in other cases, the fall of wages and the lack of employment have gone together—that is, the less the employment the less the wages?

Mr. THOMAS. Yes, sir; I used to get, about five years ago, $110 to $130 a month, or from $4 to $4.50 a day; but then I worked piece-work a good deal.

The CHAIRMAN. Do you happen to recollect the price of flour at that time?

Mr. THOMAS. I do.

The CHAIRMAN. What was it a barrel.

Mr. THOMAS. Eight dollars. I paid $8, $8.20, $8.15, and $8.30, averaging about $8 a barrel.

The CHAIRMAN. And what is the present price of flour here?

Mr. THOMAS. I paid $6.25 for the last I got.

The CHAIRMAN. That is to say, that flour is about one-fourth less in price than it was then?

Mr. THOMAS. Yes.

The CHAIRMAN. How is it about meat?

Mr. THOMAS. Meat is a little less now than it was then, but very little.

The CHAIRMAN. How as to pork?

Mr. THOMAS. I do not know; I never bought any.

The CHAIRMAN. Is not salt pork consumed in this region?

Mr. THOMAS. I cannot answer as to that.

A BYSTANDER. Pork is now about four cents a pound here; and I paid ten cents a pound for it two years ago.

The CHAIRMAN. Do you think that wages have fallen here more than the fall in the price of commodities consumed by the workingmen?

Mr. THOMAS. Yes, sir. Five years ago it cost a workingman, on the average, $28 a month for his table—that is, for a man, his wife, and two children—and his wages at that time averaged about $75 a month. At the present time the wages do not average more than $15 a month in this country (taking Lackawanna and Luzerne together), and the table expenses of a family are, at least, $12 a month, without living one-half as well as they lived then. I have been traveling about in different places, and I know, from families that I have visited and from men with whom I have associated, that they are in the same condition precisely with myself and others in that respect. Reference has been made here to companies' stores. That is one of the evils that workingmen, as a rule, have to complain about. There are stores called companies' stores, from the fact that they are owned and controlled, as a rule, by mining bosses. I do not wish to name any workmen in particular who complain of this, be-

cause if any one was named it is almost certain that he would be discharged. For instance, here is a company's store in this city (a large one), and I know that when I was employed by the company a few years ago I had to pay $40 in that store for goods that would only cost me $28 in the town. But the evil did not come so much even from that as it did from other causes. For instance, if I worked for that company, and if I was suspended during the winter months, I could not get credit in the company's store, whereas, if I had got my pay from the company in cash and dealt with a store in town, and if I was suspended for one, or two, or three, or six months, the merchant would give me credit until I got work again. It was that failure to get credit in the companies' stores that caused so much suffering here years ago; but within the last two years two of those companies' stores have changed materially in that respect, and now they do give credit to a man who is temporarily out of employment.

The CHAIRMAN. I understood that, as a rule, companies operating here did not have stores.

Mr. THOMAS. There is one company that has stores, and there are individual operators who have stores, and there are some stores in which the bosses are largely interested.

The CHAIRMAN. I will call your attention to a little fact in the development of business in this country. Mr. O'Halloran testified that these large companies do not have any connection with stores. Now, gentlemen who recollect anything of the condition of the iron and coal trade in this country 25 years ago will recollect that the rule was that every operator had a store in connection with his work, and that the men employed under him always dealt in those stores. I suppose it was a rare thing for money to be paid out as wages either in coal or iron operations. The wages were all paid by traffic arrangements. Therefore, whatever progress has been made has been in the right direction, and the influence of the great companies all the time has been towards more cash and less truck. I want that fact brought out and remembered, because we ought to give the good points in regard to the companies as well as the bad points. I can recollect the transition from the truck system to the cash system, and I know that there is more of a cash system done to-day in the United States than at any previous period.

Mr. THOMAS. The largest company that has a store here is the Lackawanna Coal and Iron Company. Two years ago this winter a man employed by an iron operator up here worked for two months, and at the end of the two months he received a notice that unless he traded in the store he must find work elsewhere. At the end of the third month he was again informed that he must trade in that store or else he would be discharged. I saw myself the notice that was sent to him. It was on a printed form and the blanks were filled up. At the end of the fourth month he was discharged from the works.

The CHAIRMAN. In New Jersey there is a law which prohibits that sort of thing. I do not know whether there is such a law here.

Mr. THOMAS. There is not.

The CHAIRMAN. These matters are, of course, all matters within the jurisdiction of the State and not within the jurisdiction of the general government. Are there any suggestions that you can make which you think would tend to relieve the condition of things here to which you object? What has occurred to your mind as remedies for the evils you have been describing?

Mr. THOMAS. I believe that the best remedy is more wages to the workingman. That is the best remedy that can be given. The question is, now, how to get the most wages. I believe that so long as money can be invested where it pays no taxes, and where it receives equal protection with the money that is invested in property that does pay taxes, the wages of the workingmen will be poor. In 1865 there were in the neighborhood of 22,000 men working in this county (Lackawanna and Luzerne Counties were then one) for daily wages. They were receiving an average of $900 a year, or in the aggregate $19,800,000 a year. Now the wages have been reduced, and without taking into consideration the increase of working population within the last twelve years, but calling it still 22,000 men, they now receive an average of $180 a year (taking those who are at work and those who are idle). This makes the aggregate wages paid in this county between three and four million dollars a year, being a difference of fifteen millions of dollars less than was paid here thirteen years ago.

The CHAIRMAN. And you would like to have that fifteen millions of dollars come in here again?

Mr. THOMAS. Yes, sir.

The CHAIRMAN. How do you propose to get it?

Mr. THOMAS. If this fifteen millions of dollars were coming into this valley now as it was then, the money would pass through many hands and back again into the hands of business men. It would stimulate manufacturing interests in the East. It would increase the traffic upon the railroads, and bring more money into the hands of railroad companies and business men so that these men could be kept employed. It is not over-production that is the difficulty, but it is under-consumption.

The CHAIRMAN. How are you going to increase the consumption? Will putting the price of labor up increase consumption?

Mr. THOMAS. The rise in wages will naturally increase the price of coal.

The CHAIRMAN. But will putting the price of coal up increase the consumption of coal?

Mr. THOMAS. The increase of wages should precede the increase of coal.

The CHAIRMAN. Suppose I were the owner of a coal mine and believed in your doctrine and thereupon doubled the wages to my men. I go on and pay this double wages, and I find that in New York I will not get one cent more for my coal than the other man does who does not pay as much wages as I do. The consequence is that I become a bankrupt.

Mr. THOMAS. This cannot be done by one individual.

The CHAIRMAN. How is it to be done?

Mr. THOMAS. By passing such laws as will prevent men from investing their money in the property that pays no taxes.

The CHAIRMAN. Then you propose to limit the discretion of men as to the investment of their money?

Mr. THOMAS. No, sir; I propose that Congress shall pass such a law as will protect men who invest their money in property that pays taxes.

The CHAIRMAN. Suppose I have got $100,000, and I go to the government and say, "I will take a 4-per-cent. bond exempt from taxation." If the government should say that it could not give me a bond exempt from taxation, but that it would give me a 6-per-cent. bond on which there would be a taxation of 2 per cent., what would be the difference to the taxpayer in that?

Mr. THOMAS. That may come in the future. I am speaking of the past.

The CHAIRMAN. Congress has done the very thing you recommend. Instead of the government selling 6 per cent. bonds, Congress has prescribed that the government shall issue 4 per cent. bonds free of taxes. Is not that the same as if the government issued 6 per cent. bonds subject to a taxation of 2 per cent.?

Mr. THOMAS. That piece of legislation has been already accomplished, but the evil has been in the past. I noticed this morning, when Mr. Smith was here, that he was speaking of the reduction of the currency. You claim that the currency has not been contracted from 1865 to the present time. Well, admit that, for the sake of argument, but why is it that wages at that time averaged $900 a year, and that at present, with the same amount of currency in circulation (as you claim), wages are $180 a year?

The CHAIRMAN. If you want me to answer the question whether wages are determined by the amount of currency in circulation, I answer no. Wages are not determined by the amount of currency. Wages are determined by the condition of business, by the demand for labor, and the supply of labor.

Mr. THOMAS. The consuming power of the people is what makes the demand for labor.

The CHAIRMAN. Certainly. If you increase consumption you will increase the demand for labor; but please give us the receipt for increasing the power of consumption.

Mr. THOMAS. You cannot increase the consuming power of the people without increasing their purchasing power.

The CHAIRMAN. But how is it to be done?

Mr. THOMAS. Here is one thing which we object to—prison contract labor. That is one of the great evils that we are laboring under.

Mr. RICE. How much of the iron or coal business is done by prison contract labor?

Mr. THOMAS. There is no iron or coal business done by prison contract labor, but there are some articles manufactured by prison contract labor.

Mr. RICE. What are they?

Mr. THOMAS. Hobbles for horses are manufactured by prison contract labor. They are manufactured in Maine and sent through the country. In this State they manufacture oil barrels, carpets, brooms, and various other articles. You may find in this city men who are barrel makers by trade working in the mines. Mr. Thompson, who lives near Pittsburgh, must know that there are nearly 300 barrel makers in Pittsburgh who used to make from $2.50 to $3 a day, who have been thrown out of employment because barrels are now made under the prison contract system.

The CHAIRMAN. What would you do with the prisoners?

Mr. THOMAS. If I were making $2.50 a day at my trade, I would be willing to pay half a dollar a day out of my pocket for the support of the prisoners, in preference to having them interfere with my labor.

The CHAIRMAN. What would you do with the prisoners?

Mr. THOMAS. I would educate them. If you work a man in prison, and tell him that he is to do a certain amount of work, he cannot improve his mind, and when he comes out of the prison he is a worse criminal than when he went into it.

The CHAIRMAN. Would you make prisons like first-class schools, in which prisoners should be educated, so that when they come out they may be professional men?

Mr. THOMAS. If a prisoner works let him work for the State, and let the product of his labor be sold by the State to whoever wishes to buy it, and let the surplus go to support his family.

The CHAIRMAN. In that case the State would set up a workshop to compete with private individuals. Is not that the very thing you are objecting to?

Mr. THOMAS. It is only the very thing that we are having now.

The CHAIRMAN. But you object to it?

Mr. THOMAS. No, sir; we object to a man going to the prison commissioners and saying, "We will give the State of Pennsylvania 20 cents a day for the labor of its prisoners," and then employing these prisoners in making oil-barrels in competition with men who were earning $2.50 a day at that business. It will be far better to give the prisoners wages and let them support themselves.

The CHAIRMAN. But who will pay them the wages?

Mr. THOMAS. Their earnings would pay their wages.

The CHAIRMAN. Then their product would have to be sold in competition with the product of other men.

Mr. THOMAS. Yes, but that would be an honest competition.

The CHAIRMAN. The State must always sell the product of such prisoners. Now, could an individual compete with the State in the manufacture of articles on which prisoners were employed? Would not the State always get the market?

Mr. THOMAS. I admit that; but suppose I come to you as a prison contractor and make an offer for the labor of prisoners at 20 cents a day, and suppose I take fifty men and put them at work making oil-barrels, do I not drive out of that trade a like number of men who were previously getting $2.50 a day for their labor?

The CHAIRMAN. But suppose the State itself made the oil-barrels, as you say it ought to, would it not sell its oil-barrels?

Mr. THOMAS. Yes.

The CHAIRMAN. And would not the cooper who is engaged making oil-barrels be deprived of work just the same?

Mr. THOMAS. I admit that; but their property would not be sold for taxes to support these prisoners.

Mr. THOMPSON. Do you know any place in Pennsylvania where prison labor is hired out?

Mr. THOMAS. In the Easton prison the prisoners are making harness.

Mr. THOMPSON. You want it made by the State itself?

Mr. THOMAS. Yes, but not by contract.

Mr. THOMPSON. This broom-making that you speak of, is that hired out?

Mr. THOMAS. Yes; but the State only gets a certain amount.

Mr. THOMPSON. I beg your pardon, the State does not hire out the labor of a single prisoner. The county (not the State) furnishes the materials. The prisoners do the work and the prison authorities sell the product of their labor. They do not hire a man out. They do just what you say ought to be done.

Mr. THOMAS. Then, how does it happen that prisoners are making these oil barrels under a prison-contract system?

Mr. THOMPSON. It is not a contract system; it is a task system. The overseers of the institution furnish the materials, set the men to work, and sell the product of their manufacture; but they do not hire out the prisoners; they never have done so and never can do so.

Mr. THOMAS. Then, how do they make a report that the amount received from this labor does not meet the expenses?

Mr. THOMPSON. That may be.

Mr. THOMAS. Why does not the State sell these articles at the regular market-price?

Mr. THOMPSON. It does, whenever it can get the price.

Mr. THOMAS. Carpet-weaving is done in the county jail at Wilkesbarre, and the men regularly in the trade are undersold.

The CHAIRMAN. That shows that the State will always take the market, and that, under the system which you propose, it will always sell its carpets and its barrels.

Mr. THOMPSON. Does this institution at Wilkesbarre hire out its labor?

Mr. THOMAS. No; it does the work itself.

Mr. THOMPSON. Then it does just what you want done.

Mr. THOMAS. No, sir; not exactly. If the State manufactures any article, let that article be sold at its market value, and let the State compete with other manufacturers at the market value of the article. For instance, I knew a carpet weaver in Scranton a few years ago, and when the institution at Wilkesbarre began to weave carpets, those carpets could be bought for 30 cents a yard cheaper than the carpets made by this man himself. We do not object to their making carpets in the prison, but we do object to their underselling the men who are regularly in the trade.

The CHAIRMAN. Does not the institution get all that it can get for its carpets?

Mr. THOMAS. I do not believe it does.

The CHAIRMAN. Then it is badly managed.

Mr. THOMPSON. That is a county institution, is it not?

Mr. THOMAS. Yes.

Mr. THOMPSON. Well, do not your county authorities get all they can for the product of the labor of their prisoners?

Mr. THOMAS. I admit that they get all that they can; but, at the same time, they do not get enough to pay the expenses of the institution. The injustice of the matter is what we are looking at.

The CHAIRMAN. Do you know what proportion of the people of Pennsylvania are in State prison?

Mr. THOMAS. I do not know.

Mr. CHAIRMAN. Do you know how many prisoners there are in the prisons of Pennsylvania?

Mr. THOMAS. No, sir; I never took any notice.

The CHAIRMAN. If you will take the trouble to look, you will find that it will be the smallest fraction of one per cent., and now I ask you how that can disorganize the whole labor of the State?

Mr. THOMAS. It will disorganize the same percentage of that labor out of its regular paths of business.

The CHAIRMAN. Suppose that these prisoners were not in prison but were outside; would they not be at work?

Mr. THOMAS. Yes.

The CHAIRMAN. They would be either stealing or producing something, would they?

Mr. THOMAS. Yes.

The CHAIRMAN. If they were stealing, they would do more damage than if they were kept working in the prison?

Mr. THOMAS. No, sir.

The CHAIRMAN. You think it would be better to have them outside stealing than to have them inside working, even if their products were given away?

Mr. THOMAS. No, sir; but let these people work, and let their work compete honestly and fairly in the market with free labor. Their work has thrown many out of employment.

The CHAIRMAN. If these men were working outside, would they not throw others out of employment all the same? Suppose they were producing those same yards of carpet and those same oil barrels outside, would not their work displace the labor of so many other men?

Mr. THOMAS. Of course it might possibly displace a few, but then it would be an honest competition.

The CHAIRMAN. But the prices of things are determined by the demand and supply of commodities. That being so, whether these men work outside of the prison or inside can make no difference, except that they probably produce much less inside of the prison than they would outside, and to that extent their work inside is favorable to higher prices outside.

Mr. THOMAS. I do not think so. If their work can be got at 20 cents a day, and if men outside ought to get $2.50 a day, then it is not a fair competition.

The CHAIRMAN. The question of what a man ought to get is different from the question of what a man can get. But you have not yet shown us that any law will accomplish what you desire. That is the difficulty. If these men are kept idle, they have got to be fed at the expense of the community, and the wages of industry have got to be appropriated to that purpose. Therefore all men agree that it is better to have prisoners at work, because, to the extent that they earn anything, it is so much let-up on taxation.

Mr. THOMAS. Here is a man sent to jail. The State gets 20 cents a day for his labor. His wife and family are at home and are supported by their neighbors. Now, if the State would give that man work and say that the expenses of keeping him are so and so, and that all which he earns beyond that amount must go to his family, that would relieve the neighbors who have to support that family.

Mr. THOMPSON. Would that not be a strong inducement to send men to jail who ought not to go there?

Mr. THOMAS. No, sir.

Mr. RICE. But that would not make any difference at all in the effect which prison labor has upon outside labor. The point is, what is the effect upon labor and business generally of having this prison labor which you speak of thrown upon the market?

Mr. THOMAS. I saw in a paper, about fifteen months ago, a statement as to a village in the State of Tennessee (Coalbrook), where there was a mine producing soft coal. A man who was living in the central part of Tennessee invested his funds in that coal mine. After he had been there a short time he became one of the directors of the company, and eventually became the superintendent. There was a strike of the miners, and this man went to the authorities and got the authorities to put prisoners at work in the mines; and where did the miners go?

Mr. RICE. That is sometimes done in some of the Southern States; but it is not done in the Northern States.

Mr. THOMAS. There were hundreds of men and their families living there, and they had to leave the place and to compete elsewhere with other labor. Now, these men would sooner have paid half a dollar a day for the support of the prisoners and have had free labor in the mines.

Mr. THOMPSON. Whether has the carpet business or the coal business suffered most within the last five years?

Mr. THOMAS. The coal business.

Mr. THOMPSON. And yet you have had no competition from prison labor in the coal business?

Mr. THOMAS. No. But if the prison contract system only affects 20 men in other employments, these men come in competition with other laborers elsewhere.

Mr. THOMPSON. But you admit that the coal business, into which prison-labor does not enter, has been worse affected than the carpet business, into which you say prison-labor does enter. Therefore, that cannot be a reason.

Mr. THOMAS. That is not the reason that the coal interests are dead.

Mr. THOMPSON. Does not the same thing that affects the coal interests affect all other interests?

Mr. THOMAS. Yes, in a measure; and there are some things again that do not affect it. There are some interests which prison-labor does not affect as injuriously as it does others.

The CHAIRMAN. The State is a bad competitor with private interests; and that is one reason why you complain; and yet you want the State to go in and increase this competition. What you say you suffer from now is the State competition in articles produced by prison labor, and yet you would merely alter the form of that competition?

Mr. THOMAS. We do not care if the contractor uses prison labor provided he pays the same wages as he would pay outside.

The CHAIRMAN. But he will not do so because prison labor is not worth so much as free labor. If prison labor were worth as much as free labor, then the State ought to take the whole of us, put us in stripes, and let the State sell the product of our labor.

Mr. THOMAS. I do not believe in that.

The CHAIRMAN. But that would be the logical result if prison labor could be made as effective as free labor.

Mr. THOMAS. Let prisoners be educated as they should be, and taught differently from the way they are taught now.

The CHAIRMAN. You are coming to the details of prison management, and we have not time for that. Your suggestion is that some regulation in regard to prison labor might relieve industry. So far as this committee is concerned, we have no power over county or State prisons, or over workhouses.

Mr. THOMPSON. You will probably find that some prisoners are pretty well educated already.

Mr. THOMAS. I admit that; and these are the men who have money to hire nice rooms and to have newspapers and books in their prison cells.

Mr. THOMPSON. There are two penitentiaries in Pennsylvania. Is there any distinction there between poor men and rich men?

Mr. THOMAS. I do not know that there is much distinction.

Mr. THOMPSON. Do you not know that there is absolutely no distinction?

Mr. THOMAS. But there has been in other States. Take for instance Mr. Tweed.

Mr. THOMPSON. But he was not in a Pennsylvania prison. Let the chairman answer for him. I want it put down that in the State prisons of Pennsylvania there is absolutely no distinction between rich and poor, bond and free, white and black. There can be none and there has been none.

Mr. THOMAS. There are contractors for State-prison labor in New York, and this labor throws 1,400 men out of employment in Albany and other towns.

The CHAIRMAN. There are not 1,400 men, women, and children in the State prison, and how can prison labor throw 1,400 men out of employment?

Mr. THOMAS. There were 900 prisoners and about 500 free men who were tramps, but who were willing to work.

The CHAIRMAN. Do you object to allowing tramps to work?

Mr. THOMAS. Not the least.

The CHAIRMAN. I thought that the grievance against tramps was that they would not work.

Mr. THOMAS. That is not the trouble. I would keep the prisoners shut up and let the honest men work.

The CHAIRMAN. Do you think that it would be better that tramps should not work?

Mr. THOMAS. No, sir.

The CHAIRMAN. Suppose that somebody set all these tramps to work at 50 cents a day, would that be good or bad for the community?

Mr. THOMAS. It would be good.

The CHAIRMAN. And if they produce as much as men who were working for $3 a day, would not the latter be turned out of employment?

Mr. THOMAS. They would be injured in their employment.

The CHAIRMAN. Then is it better for the community that prisoners should be set to work?

Mr. THOMAS. We hold that it is not fair to keep prisoners at work and to pay them only 50 cents a day.

The CHAIRMAN. But suppose a man is willing to work at 50 cents a day, would you prevent him doing so?

Mr. THOMAS. No, not if he wanted to; but if I am getting $1.50 a day for my work, it is not fair to bring a man alongside of me who will work at 50 cents a day.

The CHAIRMAN. But if a man does go alongside of you and is willing to work at 50 cents a day?

Mr. THOMAS. I do not object; but the question is, is it fair? You (to the chairman) are a manufacturer of iron?

The CHAIRMAN. Yes, unfortunately.

Mr. THOMAS. If you can manufacture iron and sell it at $10 a ton, would it be fair to you for a man working alongside of you to sell it at a loss?

The CHAIRMAN. It is not only fair, but I could not express any grievance about it; because if he sells his iron at a loss, I will very soon get rid of him as a competitor.

Mr. THOMAS. But he breaks you first.

The CHAIRMAN. Not at all. Good men in the trade do not get broken by any such process.

Mr. THOMAS. Three years ago a man was working up here in a steel factory, and was earning $3.50 a day. A man came along and offered to do the same kind of work for $2 a day. They set him to work beside the man who was getting $3.50 a day; and then they told this man that they could not give him work at that rate any longer. The man who received the $2 a day proved to be a bad workman, and he cost them more in the long run than if they had paid a good man $3.50 a day. Now, was it fair to discharge the man who was receiving $3.50 a day?

The CHAIRMAN. Suppose I was to come along with machinery that would do the same work at 25 cents?

Mr. THOMAS. Would it be fair for you to throw me out of work?

The CHAIRMAN. If I am making a given article that costs me three cents a pound, and if a man comes along with machinery that will make the same article at a cost of only one cent a pound, I must either take the machinery or let my neighbor take it and drive me out of the market. Is not that one of the laws of progress?

Mr. THOMAS. That brings us down to the eight-hour system.

The CHAIRMAN. We have had that subject discussed before the committee until we have had to stop hearing it. Some thought that men ought to be allowed to work only one hour a day, some four hours a day, and some eight hours a day; and when we told them that just now men are not at work on the average four hours a day, they were astonished.

Mr. THOMAS. In order to bring the power of consumption up to the power of production, you must reduce the hours of labor of the men.

The CHAIRMAN. Then would you not reduce the amount of production?

Mr. THOMAS. No, sir.

The CHAIRMAN. If you run the machinery less time, and if you work men less hours, will there not be less production?

Mr. THOMAS. But if you admit that the natural increase of consumption is 10 per cent. per annum, do you think it fair to use machinery to make the increase of production 50 per cent. per annum?

The CHAIRMAN. Then you want to limit the production of machinery by law?

Mr. THOMAS. Yes.

The CHAIRMAN. We will not pursue that any further. We have had it over and over again. You say that you think that that is a remedy—to limit by law the time during which machinery shall be kept in operation?

Mr. THOMAS. Yes, sir.

Mr. THOMPSON. Do you mean that where an individual has a shop, with which the government has nothing to do, you would limit the hours of labor?

Mr. THOMAS. Yes, sir.

Mr. THOMPSON. How would you do it?

Mr. THOMAS. The legislature can do it or Congress can do it.

Mr. THOMPSON. Would you be willing to have a law passed in Pennsylvania that you could only work two hours a day?

Mr. THOMAS. Yes; if I could make enough to keep me by two hours' work.

Mr. THOMPSON. Would you think it wise in the legislature of Pennsylvania (if it had the power) to pass a law that no man, winter or summer, harvest or spring, should work more than two hours a day?

Mr. THOMAS. No; not unless he could support himself by that two hours' work; but

if he could support himself by it, and produce sufficient to equal the consuming power of the people, what is the necessity of his working more than two hours?

Mr. THOMPSON. Is not that a matter for the man himself?

Mr. THOMAS. I do not think so.

The CHAIRMAN. Suppose one man has ten children to support and another man has only one child to support, must not the man with the ten children work more hours than the man with the one child?

Mr. THOMAS. He does not nowadays.

The CHAIRMAN. In the ordinary course of nature, must not the man with a large family try to earn more wages to feed them?

Mr. THOMAS. Yes; it would naturally cost him more to feed them. If a man gets $2 a day for eight hours' work, let him get at the same rate for nine hours' work or ten hours' work.

Mr. THOMPSON. Would that benefit anybody?

Mr. THOMAS. Certainly; if you limit the production of labor, it would be an advantage to the people.

Mr. THOMPSON. Would not the man who wanted to be a little greedy make a special contract to work ten hours a day and thus get more wages than you who would work only eight hours?

Mr. THOMAS. That he can do now.

Mr. THOMPSON. And you propose to leave the matter there?

Mr. THOMAS. No; we propose to make eight hours a legal day's labor.

Mr. THOMPSON. And if a man had a wheat field right in harvest and had no hands except his sons, and if it were going to rain to-night, would you make it an offense for him or his hands to work till sundown?

Mr. THOMAS. No, sir; what we want is this: If I go into a company's workshop here (eight hours being a day's labor) and say that I will work eight hours a day for a full day's wages, I do not want that company to have the power of discharging me because I will not work ten hours a day.

The CHAIRMAN. And do you want the government to punish the company for that?

Mr. THOMAS. No, sir; but the government can pass a law that eight hours shall constitute a day's labor.

The CHAIRMAN. Yes; just as the legislature can pass a law making 2,240 pounds a ton of iron, but that will not prevent a man selling 2,500 pounds to the ton if he chooses.

Mr. THOMAS. No; but after you make a law that eight hours shall be a legal day's labor, I would make it a penal offense to discharge a man for not working ten hours.

The CHAIRMAN. Have you ever seen a man compelled to work more hours than he could well do?

Mr. THOMAS. Yes, I have; and I was discharged myself because I would not work more than eight hours.

The CHAIRMAN. I have never known a time in which men were not anxious to work more hours than I could give them work. If you can give men overtime they all want to make it.

Mr. THOMAS. I have been discharged, and I have known other men to be discharged because we refused to work ten hours when eight hours was a legal day's work.

The CHAIRMAN. Then you would limit the right of people to hire and discharge workmen?

Mr. THOMAS. No, sir; I would not. If I hire out to a man to work for so much an hour, working eight hours for a day's work, and if he comes to me and says that he will discharge me if I will not work ten hours at the same price, I want that to be a penal offense.

The CHAIRMAN. That is a matter personally in the discretion of employer and employé.

Mr. THOMAS. Let him make a new contract with me.

The CHAIRMAN. That is what he proposes.

Mr. THOMAS. Let him give me the same rate of wages per hour.

The CHAIRMAN. That is regulating wages by law.

Mr. THOMAS. And wages ought to be regulated by law.

The CHAIRMAN. Then you believe that the law ought to regulate the rate of wages?

Mr. THOMAS. Yes; and no man should receive less than a certain sum per

The CHAIRMAN. What minimum would you fix?

Mr. THOMAS. Just whatever Congress thinks best.

The CHAIRMAN. What do you think ought to be the minimum?

Mr. THOMAS. I think that a man ought not to work for less than $2 a day.

The CHAIRMAN. If a tramp comes along starving and says that he is willing to work for $1 a day, would you let him work?

Mr. THOMAS. No, sir.

The CHAIRMAN. Then you would let him starve?

Mr. THOMAS. If you give men good wages there will be plenty of work for all.

The CHAIRMAN. Yes, there will be plenty of men to work. If you offer high wages you will find all the men you want at high wages.

Mr. THOMAS. From 1868 to 1873 there was work enough for all who wanted to work.

The CHAIRMAN. Yes; because there were then thousands of miles of railroad being built. There were built in the course of five years what it ought to have taken ten or fifteen years to build; and the result was a collapse, which left us in our present condition.

Mr. THOMPSON. Just as, in this region, you built more coal-breakers than you needed. The increased facilities for production were increased faster than the power of consumption among the people.

The CHAIRMAN. And that occurred at a time when wages were very high.

Mr. THOMAS. Yes.

The CHAIRMAN. That is just what you said could not happen. You said that if we would only pay high wages we would not have any collapse or any distress.

Mr. THOMAS. We want something to regulate that matter.

The CHAIRMAN. I know we do, and that something is what we are in search of.

Mr. THOMAS. You say that a law cannot be passed to regulate it. Now I will ask you a question or two. The laws that were passed 100 years ago were applicable to the people living at that time, and to the surrounding circumstances, were they not?

The CHAIRMAN. Probably.

Mr. THOMAS. And are the same laws applicable to-day as were applicable 100 years ago?

The CHAIRMAN. Probably not.

Mr. THOMAS. Those laws have got to be changed. If we find our productive facilities increasing faster than the power of consumption of the people, is it not an act of moral justice on the part of the law-making power to prevent that, and thus to save trouble and misery?

The CHAIRMAN. You say that when the productive facilities are increasing faster than the power of consumption, higher wages must be paid.

Mr. THOMAS. Yes.

The CHAIRMAN. At the time when our productive facilities were increasing faster than the power of consumption, were not wages in this country higher than they had ever been known to be?

Mr. THOMAS. Yes.

The CHAIRMAN. And you want wages to keep going up. What is your limit? One hundred dollars a day? If we are going up in a balloon, let us put on more gas and go higher and higher.

Mr. THOMAS. We will not come to that, because we ought to pass a law to regulate the producing interests of the country.

The CHAIRMAN. Suppose I want to open a coal mine in this valley, and suppose I buy a thousand acres of land and come here with a million of dollars in my pocket to work a coal mine, would you not think me a benefactor to the region?

Mr. THOMAS. Certainly.

The CHAIRMAN. And would I not be adding to the productive facilities of the region so greatly that all the productions of the region could not find a market?

Mr. THOMAS. Certainly.

The CHAIRMAN. But you say you would limit production.

Mr. THOMAS. I would pass a law that the production should not exceed the consuming power.

The CHAIRMAN. That is, you would let me invest my money and put down my coal shaft, but you would not let me sell the coal out of it?

Mr. THOMAS. If a community is producing all that the market requires, and if the people are happy and contented, is it fair and right that other men should be allowed to come in and increase the product and thus injure the whole region?

The CHAIRMAN. Here you are in the valley of Rasselas, the happy valley, with everything you want, with high wages; and there comes along a gentleman with plenty of money and says, "I will buy a piece of property and will sink a coal shaft"; would he be a benefactor to the country or the opposite?

Mr. THOMAS. He would be a benefactor.

The CHAIRMAN. But if, by the time he got his coal shaft down it turned out that the other men in the business could not get a market for their coal, what are you going to do with that man?

Mr. THOMAS. I would regulate by law the amount of coal to be produced.

The CHAIRMAN. Is it not considered a grievance in this valley that the great corporations have got together and attempted to regulate the market by restricting the production of coal?

Mr. THOMAS. Yes.

The CHAIRMAN. And is that any more objectionable than the law which you would propose to have made?

Mr. THOMAS. The great corporations here control the market for the purpose of keeping wages down; and, by keeping wages down, they keep the times hard.

The CHAIRMAN. The regulating of the market is the limit of the supply?

Mr. THOMAS. Yes.

The CHAIRMAN. Do they not supply every ton of coal that the market will take off their hands?

Mr. THOMAS. Yes. But suppose that the workingmen in this valley were receiving in wages a million dollars a year more than they are now receiving, would not that help to give employment to others, and would you not have a better price for your iron? When overproduction exists, I would have it restricted.

The CHAIRMAN. Is not that the present state of things?

Mr. THOMAS. Yes; but you must not attempt to regulate it in that way.

The CHAIRMAN. In other words, a man should not put down the wages of his workmen even though he cannot sell his coal for enough to pay the wages? Then he would have to stop work.

Mr. THOMAS. Certainly.

The CHAIRMAN. If he has to stop work, what happens to the men who would be otherwise employed?

Mr. THOMAS. They are idle.

The CHAIRMAN. And they starve?

Mr. THOMAS. Yes.

The CHAIRMAN. Is he a benefactor or not when he employs workmen even at reduced wages?

Mr. THOMAS. If a man is receiving reasonable wages, and if the community is consuming just what is being produced, why not strive to manage to keep things so?

Mr. THOMPSON. Would not the remedy be more natural and efficient if we could increase the consumption by law?

Mr. THOMAS. You cannot increase the consumption by law.

Mr. THOMPSON. But you think we can limit the production by law?

Mr. THOMAS. Yes.

The CHAIRMAN. And limiting the production will throw people out of employment.

Mr. THOMAS. Are not people thrown out of employment now?

The CHAIRMAN. Yes; that is your trouble here.

Mr. THOMAS. Why not let the wages be as they were three years ago?

The CHAIRMAN. Because nobody would buy coal at the price that it would then cost.

Mr. THOMAS. It would put more money in circulation.

The CHAIRMAN. I have to buy coal to make iron. If I have to pay 50 cents a ton more than the present market rate of coal I will have to shut up my works.

Mr. THOMAS. But if you can get $3 a ton profit on your iron?

The CHAIRMAN. I will be delighted if you will give me a receipt for it. You will be my benefactor. How am I to get it?

Mr. THOMAS. If men had more wages they would create greater demand for productions.

The CHAIRMAN. But you seem to think that you can create a market by raising the wages first, whereas the ability to pay wages comes from the fact that manufacturers are getting higher prices for their products. I cannot pay wages out of nothing. I must first sell my pig-iron for enough to enable me to pay higher wages, and then I would be delighted to do so. You say, "Pay the higher wages first and you will get more for your pig-iron." I tried it, but found that I had to go with the rest of the manufacturers.

Mr. THOMAS. Certainly.

Mr. THOMPSON. There would be, under your theory, no limit to the amount of wages which the law should fix.

Mr. THOMAS. That matter would control itself.

Mr. THOMPSON. But you propose to control it by law.

The CHAIRMAN. Whenever there was a slack demand for coal, you say that you would put up wages.

Mr. THOMAS. No, sir; I do not.

Mr. THOMPSON. If you can fix the rate of wages by law at $2 per day, why not fix it at $20 a day?

Mr. THOMAS. Because there is no need of it. If a man can live on $2 a day, what is the need of his having $20 a day?

The CHAIRMAN. If $20 and $2 were synonymous terms, there would be no advantage in it.

Mr. THOMPSON. If the State of Pennsylvania has the power to say that a day's labor shall be worth $2 a day, why has it not the power to say that it shall be worth $20?

Mr. THOMAS. If it has the power to say one, it has the power to say the other.

Mr. THOMPSON. I think so, and why not do it? Suppose we do make wages $20 a day, what would coal cost then in the market?

Mr. THOMAS. There is no need of making wages $20 a day.

Mr. THOMPSON. Then what need is there in saying that wages shall be $2 a day?

Mr. THOMAS. That is a reasonable rate.

Mr. THOMPSON. Would you have wages limited to $2 a day?

Mr. THOMAS. I would have wages limited to $1.50 or $2 a day. We know by experience that we have lived on such wages before and have been comfortable.

The CHAIRMAN. The only reason why wages are reduced is that manufacturers cannot afford to pay higher wages. Whenever a man comes to the point that he cannot get his money back he turns around to his work-people and says, "I must reduce my expenses." Now you propose to pass a law making it a penal offense for a man to pay less than a certain rate of wages. In that case he would say, "Then I will shut up shop."

Mr. THOMAS. I think that a better plan.

The CHAIRMAN. I have never found my people come to me and ask me to stop work. They have always said, "Go ahead; we have got our families to feed."

Mr. THOMAS. That is very true. I do not contend that this thing can be brought about at the present time, but it can be brought about in the course of time. There was no power in the Constitution for President Lincoln to free slaves until there was a necessity for it on account of the rebellion; and then a provision was put in the Constitution that there should be no more slavery. The Constitution had to be changed to apply to the new order of things. Now there is a change of circumstances, and it is wrong to make people suffer on the ground that the law cannot be changed.

The CHAIRMAN. Then you would have this legislation which you propose on the basis of a war measure or a measure of necessity higher than the Constitution?

Mr. THOMAS. Yes, sir.

The CHAIRMAN. Has the time come when it is a necessity?

Mr. THOMAS. I think it has, or very nearly. People are suffering immensely.

The CHAIRMAN. Are they suffering more than they suffered in 1857?

Mr. THOMAS. I think they are.

The CHAIRMAN. I remember very well that in 1857 the wages of labor were down to 50 cents a day and the prices of commodities were as high then as they are to-day.

Mr. THOMAS. I remember that I was then a boy working in a brick-yard and getting 50 cents a day. My father was working in the same yard and he got 75 cents a day. But everything was cheaper then than it is now.

The CHAIRMAN. You are mistaken in that as a matter of fact. I have tabulated the prices of commodities then and now. Flour, pork, and the staples of life are as cheap to-day as they ever have been at any time in the history of this country.

Mr. THOMAS. I know that we used to get only 8 cents a dozen for eggs at that time, and 12 cents a pound for butter.

Mr. THOMPSON. A client came into my office the other day and said that he had just bought half a dozen kegs of nails for $2.25 a keg, and that he used to pay $9 a keg for them, and then he had to haul them out from Pittsburgh, 40 miles.

Mr. RICE. I suppose that eggs and butter may have been cheaper at that time, however, than they are now, but all the staples of life were not.

The CHAIRMAN. There were no facilities of communication then with the cities, and things which could not be transported were sold cheap where they were produced. For instance, you can buy eggs now in Saint Louis at from 6 cents to 7 cents a dozen, but their transportation to New York would cost so much (taking into account the chances of breakage), that the price of eggs in New York is high. But in regard to pork and other staple articles of consumption, I have never known them to be cheaper than now.

Mr. THOMAS. A man working in these shops ten years ago, and getting $3.25 a day, did less work, by half, than he does to-day, when he is getting only $1.60. The engines that are used now for hauling the coal are of the same size, but they load the cars heavier.

The CHAIRMAN. On your theory, would you prevent the companies increasing the power of their engines?

Mr. THOMAS. No, sir.

The CHAIRMAN. Or would you prevent them reducing the number of cars?

Mr. THOMAS. No, sir.

The CHAIRMAN. If the engines were smaller, and if there were fewer cars used, would there not be more men employed?

Mr. THOMAS. I admit that that would give more employment to men, but we do not object to the companies having powerful engines and heavily loaded cars. What we ask is, that the hours of labor be reduced. That is all.

The CHAIRMAN. Suppose we were to reduce the number of working hours one-half?

Mr. THOMAS. I would have no objection if the workingmen could get as much wages for five hours' work as they can for ten.

The CHAIRMAN. But, if everybody only worked half-time, would there be enough of food produced? There would be only half as many acres cultivated as there are now.

Mr. THOMAS. The farmers could not come under this rule. The men who would be working for eight hours a day, and getting good wages, could afford to pay the farmer

better prices for his products, and the farmer could afford to pay his men more wages for the extra hours of their work.

The CHAIRMAN. You were proposing awhile ago to make it a penal offense for a man to require his workmen to work more than eight hours.

Mr. THOMAS. I was proposing to make it a penal offense to discharge a man for refusing to work more than eight hours. There was a file factory in Philadelphia a few years ago which employed quite a large number of men—not far from 100 men and boys. Then they got machinery for making round files and machinery for making flat files; and the introduction of this machinery reduced the number of men some 80 per cent. The men were discharged and boys were taken in at from 50 cents to 70 cents a day. So in our shops here. Ten years ago they had machinery, attended by men who were receiving in the neighborhood of $3 a day, and now the machinery is attended by a laborer who is receiving 70 cents a day for watching it. Do you think that that is fair?

The CHAIRMAN. Are there more file makers or more file users in the world?

Mr. THOMPSON. There are more file users, of course.

The CHAIRMAN. Then is it not a benefaction to the largest number to have the price of files reduced?

Mr. THOMAS. Certainly, but the price is not reduced in proportion.

The CHAIRMAN. Are the file manufacturers making a profit now, or are not files now sold without profit to manufacturers?

Mr. THOMAS. They are not sold without profit. The manufacturers must be making something on them. There are file makers in this city making $150 or $200 a month.

The CHAIRMAN. Then I wonder that blacksmiths do not go into that business.

Mr. THOMAS. It is not a blacksmith's business.

The CHAIRMAN. Are there any other points that you wish to bring to the notice of the committee? You propose to limit the hours of labor, to limit the production of commodities, and to fix a minimum for wages.

Mr. THOMAS. I do not pretend to say how the law should be. I do not pretend to say to what extent it should go. But the general principle which I am advocating is that there should be an absolute number of hours fixed for a day's work, whether it be eight, nine, six, or four.

The CHAIRMAN. The general principle which you advocate is that we are all to be made happy and prosperous and rich by law.

Mr. THOMAS. No, sir.

The CHAIRMAN. You want us to be prosperous?

Mr. THOMAS. Yes, if we can.

The CHAIRMAN. You want us to be all well paid?

Mr. THOMAS. Yes.

The CHAIRMAN. And you want this to be done by law?

Mr. THOMAS. Where there is a system which is injurious to the people, and where the law protects that system, the law should be changed. If machinery is introduced by which half a dozen boys can do as much work as 100 men, it certainly causes trouble in the labor market.

The CHAIRMAN. And would you therefore break up the machinery?

Mr. THOMAS. Certainly not.

The CHAIRMAN. Then how will you fix the trouble?

Mr. THOMAS. By reducing the production of the machinery—by reducing the hours of labor.

The CHAIRMAN. Why introduce machinery at all, when the production was all right before?

Mr. THOMAS. Machinery is necessary.

The CHAIRMAN. How will you deal with this question? If we limit the hours in which machinery shall work, and if a man takes that machinery over to England where they have not got such a law, the English will produce the commodities and will be able to sell them cheaper than we can. Would you prohibit the English from bringing those commodities in?

Mr. THOMAS. I would.

The CHAIRMAN. You would shut them out?

Mr. THOMAS. I would shut them out.

Mr. THOMPSON. You are in favor of a tariff?

Mr. THOMAS. Yes; I am in favor of a tariff for everything that we can produce in this country. What we cannot produce I would let in free.

The CHAIRMAN. Then if we will not adopt the use of machinery, you object to having the product of that machinery brought in from any other place?

Mr. THOMAS. You are putting a question and answering it yourself.

The CHAIRMAN. I ask you the question fairly. You say that you are in favor of limiting the production of machinery here?

Mr. THOMAS. I am in favor of limiting the hours of labor to such an extent as that there will not be an overproduction beyond the consuming capacity of the commu-

nity. If we find that a certain product is being made which is detrimental to business, to society, and to the prosperity of the people, what is the duty of the law-making power in the matter? Is it to allow that thing to go on?

The CHAIRMAN. You mean to guard every branch of production against the possibility of overproduction?

Mr. THOMAS. Yes; although I do not see exactly how it can be done.

The CHAIRMAN. I wish you would tell us how it can be done.

Mr. THOMAS. Our remedy is to reduce the hours of labor. If there is a better remedy, we are willing to accept it.

The CHAIRMAN. But you admit that there are many branches of industry in which the hours of labor cannot be reduced, such as farming, house-work, &c.?

Mr. THOMAS. If there is no better remedy than the one which I present, I do not see why you cannot adopt it.

The CHAIRMAN. Simply because you yourself admit that it will not work. You say that the farmers cannot be made subject to it.

Mr. THOMAS. That is aside from the question altogether.

The CHAIRMAN. The farmers constitute more than half the industry of the country. The farmers must have machinery in order to keep up with consumption. Now, if the farmers can produce more than we consume, would it be right and proper to prevent them doing so?

Mr. THOMAS. But the farmer does not do so.

The CHAIRMAN. He certainly produces a surplus, so that we have to export 400 million dollars a year of farm produce.

Mr. THOMAS. Yes; but if fair wages were paid we would not have to export five bushels of corn out of the country.

The CHAIRMAN. Have we not all eaten during the past few years?

Mr. THOMAS. Not as much as we could have eaten.

The CHAIRMAN. Could we have eaten twice as much as we have eaten?

Mr. THOMAS. I know workingmen in this city who have gone into the mines, time after time, carrying empty dinner-pails, and who have gone home hungry every night. I know of others, again, who did not have money enough to buy anything but corn-meal for their families. Now, if these men had fair wages, what would be the result? Every family of them would consume at least three or four barrels of flour in the year instead of letting it go to Europe.

The CHAIRMAN. And yet, if you limit the use of machinery in agricultural products, the commodities which the laboring men do get would be very much dearer than they are.

Mr. THOMAS. There was not too much farm produce brought to market previous to 1873; it was all consumed, and very little was sent to Europe in comparison with what has gone there last year. Why was it that so little farm produce was sent to Europe prior to 1873? It was that people here were able to consume it themselves. The purchasing power of the people is the first thing to fall and the last thing to rise. The wages of the workingmen is always the first to fall. It trembles if a bank breaks a thousand miles away. That is a natural law.

The CHAIRMAN. And now you propose to fix the price of labor by legislation?

Mr. THOMAS. They say there is no law of honor that governs working people; but I think that there is less honor shown on the part of the employers. The workingmen who are suffering from want work along rather than strike; they do not want to strike; but the employer, the moment he gets a chance and thinks that he has the workingmen within his grasp, reduces their wages.

The CHAIRMAN. Do you know a single branch of manufacturing business in this country in which men have not failed and broken up last year?

Mr. THOMAS. No, sir.

The CHAIRMAN. Then does it not seem that the manufacturers are suffering as well as the workingmen?

Mr. THOMAS. Yes; and some of the wealthiest men of the country are to be pitied as much as the poor men. They are suffering to-day financially. They are not suffering from want of bread, but they are suffering from other causes.

The CHAIRMAN. A great many are suffering because they cannot eat. They are in such an anxiety of mind that they have no appetite.

Mr. THOMAS. I do not dispute that, but that is not as bad as when a hungry man sees a loaf in a baker's window and cannot buy it.

Mr. THOMPSON. But I do not think that limiting the hours of labor will help that man to get the loaf of bread. If he cannot earn enough now with labor free and unobstructed, I do not think that limiting the hours of labor and the rate of wages will help him.

Mr. THOMAS. I think it will.

The CHAIRMAN. You have got the hours of labor limited now, and does that help the poor workingman?

Mr. THOMAS. But the wages instead of rising are falling.

The CHAIRMAN. How will limiting the hours of labor act differently in the general way than in the special way?

Mr. THOMAS. We do not insist on carrying out any theory, but we say this is our idea. If you think you can give us a better one, give it to us.

The CHAIRMAN. But we point you to the fact that where the hours of labor are limited, there is the greatest distress among the working people.

Mr. THOMAS. Yes; limited by want of consumption.

The CHAIRMAN. You propose to make a State law that is to take the place of the law of necessity?

Mr. THOMAS. We suggest that this reduction in the hours of labor should take place. It may be that it would be an injury to us, but something should be done, and we simply present our idea.

The CHAIRMAN. It seems that this region of country is suffering more than any other part of the country. Mr. Rice says that in Massachusetts people do not go to their work or away from their work hungry.

Mr. RICE. We have suffered more in Massachusetts than anywhere else excepting here, probably, and I do not think that any such case as Mr. Thomas has mentioned has existed there.

Mr. THOMAS. We know of such facts here.

Mr. RICE. Is there very much suffering here from want of food?

Mr. THOMAS. Yes, sir; there is. A man working in the mines here does not get probably more than $10 a month. Out of that he has to pay $3 for rent and to clothe his wife and little ones; and how in the world is he going to have anything in the way of comforts at all? His neighbors have got to assist him and it is a drain upon them. It is natural for us to think that there must be some remedy or other for the evil.

The CHAIRMAN. The only remedy is to find some work here or to have the surplus of the working population go somewhere else.

Mr. THOMAS. The New York Tribune and the other papers cry out, "Go West, young man," but I do not believe that there is a workingman in this valley to-day who is able to go West and settle upon a piece of land and cultivate it for a year unless he happens to have some property here that he can sell. The miners here earn very little at the present time. There are probably four or five men in one mine who may be making from $50 to $75 a month, while there are 300 other men in the same mine who make only from $15 to $20 a month. These coal companies will tell you that they have men working for them, making $50 and $75 a month, and they will convey the idea that because one or two are doing so, it is a general thing.

The CHAIRMAN. The impression on the public mind is that the miners here are not making good wages.

Mr. THOMAS. A short time ago the superintendent of the Lackawanna Coal and Iron Company stated that there were men in his employment receiving from $50 to $75 a month. There are a few men receiving that much, but that company has somewhere in the neighborhood of 1,500 men working for it, and I do not suppose that ten men out of the whole lot are making as much as $50 a month.

The CHAIRMAN. If the superintendent's statement was intended to convey a false impression, then it was very wrong.

Mr. THOMAS. It has conveyed a false impression.

The CHAIRMAN. I think that the public understands that the miners here are being paid necessarily at low rates. A first-rate mill-roller may make $10 a day, but it would be absurd and ridiculous for a man to state that as the regular rate of wages for mill-rollers.

The committee will be very glad to hear from any gentleman who thinks that the case has not been fairly presented on either side. The fact that the committee asks questions that may seem to take the opposite side from the view taken by a witness, is not to be taken as an indication that the committee differs from the witness. It is simply because we want to draw out his argument. If a witness were to come here and to take directly opposite views from those taken by Mr. Thomas, I should proceed to question him in the same way. A great deal of misconception has gone abroad in consequence of the fact that the committee has been trying to get out all the facts on all sides.

Mr. THOMAS. The committee asked a question as to how a discrimination could be made in case Congress should pass a law to assist men to go upon the public lands. A man who has got property here does not care about leaving and going out West, but a man who has no property here would be glad to accept of such an offer from the government. We do not say that the government should send so much money to every man, but we would like to have the men who are idle assisted to leave here and to go out upon the public lands.

The CHAIRMAN. The government owns the lands and offers them as a free gift to those who will settle upon them. Now, would it not be a proper thing for communities, where people are unemployed, and where they have got to be supported, to send out their surplus families to the public lands?

Mr. THOMAS. We think that the government should issue fifteen or twenty millions of greenbacks, and undertake the work of sending men out upon the lands; but the government should say that the greenback shall be equal to a gold dollar.

The CHAIRMAN. If there is any other witness here who desires to be heard, the committee would like to hear him. The committee understands that there is an employer present, and if he wishes to present any views, we would be glad to hear him.

Mr. J. C. PLATT (the gentleman referred to) said that he did not wish to present any views to the committee, as his side of the question had been already presented before the committee elsewhere.

The CHAIRMAN. The object of the committee in coming here was to obtain the views which prevail on opposite sides on this very important matter. Even when some of the views presented seem absurd, we are anxious to get them.

Mr. RICE. We should like to know whether the statement made here in regard to the condition of affairs in this region is substantially correct. Are there any criticisms to be made on that statement?

Mr. PLATT. I have not any criticism to make. I have not the statistics at hand.

The CHAIRMAN. In regard to the condition of the people here who are thus suffering from want of employment, is the statement recognized to be a fact?

Mr. PLATT. I think it is recogaized that there is great difficulty just now in getting employment.

The CHAIRMAN. Is there any provision made here by the citizens for relieving distress?

Mr. PLATT. We have a poor-house organization here, and have regular meetings of the board.

The CHAIRMAN. Does the board extend outdoor relief to families?

Mr. PLATT. The report of the supervisors of the poor is that they are extending outdoor relief to some extent.

Mr. CHISHOLM. The court at Wilkesbarre decided recently that the law did not allow outdoor relief, and that persons relieved had to become residents of the poor-house.

Mr. THOMPSON. Are you operating under a special law here?

Mr. CHISHOLM. I do not know. It was one of the superintendents of the poor who gave me to understand that they were very severely rebuked by the judge at Wilkesbarre for giving outdoor relief.

Mr. THOMPSON. Did the judge rebuke them for giving outdoor relief, or for giving it without a previous order from a magistrate?

Mr. CHISHOLM. I do not know.

Mr. THOMPSON. I think you will find that if he rebuked them, it was not for giving outdoor relief, but for giving it irregularly. The general law makes it the duty of the supervisors of the district (upon any person giving information to justices of the peace) to take charge of and furnish immediate relief in cases of destitution, and if the overseers do not do it, it is a misdemeanor in office on their part. Whenever it can be done, the family is permitted to remain in its own home; and husband and wife cannot be separated under any circumstances.

Mr. CHISHOLM. I am free to confess that I do not think that, in the case referred to, the supervisors went to the trouble of going to a justice of the peace.

Mr. THOMPSON. Then, of course, they had no right to give outdoor relief.

Mr. CHISHOLM. That was the reason why (I suppose) they were rebuked.

Mr. RICE. What is the valuation of Scranton?

Mr. J. J. CAMPBELL. $10,154,000.

Mr. RICE. And what is the debt of the city?

Mr. CAMPBELL. About $400,000.

Mr. RICE. So that the city is able to furnish temporary relief to all who suffer.

Mr. CAMPBELL. The valuation of property here is its full value. It is higher here than in any other section of the State.

Mr. RICE. The valuation of the city in which I live is $40,000,000, and we owe over $2,000,000. The population of Worcester is about 50,000.

The CHAIRMAN. The population of Scranton is about 40,000.

Mr. CAMPBELL. About 35,000. Under the census of 1870 the population was 34,000, but I think it has diminished somewhat since.

The CHAIRMAN. The valuation which you have stated is only that of real estate?

Mr. CAMPBELL. Only that of real estate.

Mr. THOMPSON. So far as I have knowledge in Pennsylvania, I know that property is not assessed for taxation purposes at anything like its real value.

The CHAIRMAN. What is the rate of taxation here?

Mr. CAMPBELL. About $4.50 on the hundred dollars.

Mr. RICE. But no tax is assessed on personal property?

Mr. CAMPBELL. Not on personal property.

Mr. THOMPSON. How much of that tax is for school purposes?

Mr. CAMPBELL. I think one dollar this year.

Mr. THOMPSON. And how much for streets?

Mr. CAMPBELL. It varies. In some sections of the city it is higher than in other sections.

Mr. THOMPSON. Then your city and school and street and county taxes run up altogether to about how much?

Mr. CAMPBELL. To about $4.50 per hundred dollars.

Mr. RICE. Have you any information as to how many laborers there are out of employment in this population of 35,000—men who have actually no work to do?

Mr. CAMPBELL. I have no information on the subject. I am aware that there is a large number of men out of employment.

Mr. RICE. Have any means been taken to get at the number of the unemployed?

Mr. CAMPBELL. Not that I am aware of.

Mr. RICE. Have you overseers of the poor here?

Mr. CAMPBELL. We have.

Mr. RICE. Do they know nothing as to how many persons are dependent upon public charity for support?

Mr. CAMPBELL. I do not think they do. I think they generally extend relief to those who ask it.

Mr. RICE. Would not the overseer of the poor be able to give some information as to the amount of actual suffering that there is in this community?

Mr. CAMPBELL. I presume so.

Mr. RICE. Have you any doubt that there are many families here destitute of the necessaries of life except as they receive them from charity?

Mr. CAMPBELL. I have no doubt but that there is a great deal of suffering in the city.

Mr. RICE. Suffering from the want of the necessaries of life?

Mr. CAMPBELL. Yes, sir.

Mr. RICE. And the men are ready to work when they have got any work to do?

Mr. CAMPBELL. Yes.

Mr. RICE. And you know of no way by which more work is to be provided for them?

Mr. CAMPBELL. I know of none.

Mr. RICE. So that you are unfortunately in the position of having more people here than work can be provided for. In other words, you have got a surplus of working population here.

Mr. CAMPBELL. We could give employment if we could find purchasers for what we produce.

Mr. RICE. But the trouble is that you cannot find purchasers?

Mr. CAMPBELL. No, we cannot. We have got facilities here sufficient to give everybody employment if we could find purchasers for our productions.

Mr. RICE. Then you happen to have grown too fast and to have attracted too many people here for the amount of production that you can dispose of?

Mr. CAMPBELL. It is probably owing to that fact.

The CHAIRMAN. Do you think that limiting the production of this region would help you in any way?

Mr. CAMPBELL. I do not think it would.

Mr. RICE. Is there any way whatever by which the wages of the working classes can be increased here?

Mr. CAMPBELL. I do not know anything at present to warrant any increase of wages.

The CHAIRMAN. Do you think that paying higher wages to coal miners would increase the production of coal?

Mr. CAMPBELL. I think not.

Mr. RICE. And do you think that the reduction of the hours of labor would help you any?

Mr. CAMPBELL. I think that, in all probability, it would increase the suffering.

Mr. THOMPSON. Have you any theory to present or any suggestion to offer which you think might be beneficial in the way of Federal legislation?

Mr. CAMPBELL. Yes, sir; I think that if Congress would foster the shipping interests of this country and open markets abroad for our overproduction it would materially benefit us.

Mr. RICE. Is not that being done? Are not the beginnings being made?

Mr. CAMPBELL. The beginnings are very small.

Mr. RICE. There is a great deal of export from this country.

Mr. CAMPBELL. There is a great deal of export, but that export unfortunately is not carried in our own ships.

The CHAIRMAN. What does anybody in Scranton care as to the ships that our exports are carried in, provided he can gain a foreign market?

Mr. CAMPBELL. If we were to build ships with our own labor and to man them with our own people it would certainly give more employment and would be helping our country.

The CHAIRMAN. Would you not like to see the rate of transportation between Scranton and New York reduced so that you could sell cheaper in New York?

Mr. CAMPBELL. I do not know that I would.

The CHAIRMAN. Would it not be a great advantage if Scranton could be moved down to within ten miles of New York so that coal could be transported to New York at 25 cents a ton?

Mr. CAMPBELL. I do not see what benefit it would be. The probability is that we can get as much for our coal now. Of course the nearer the coal region is to the market the less the cost of transportation.

The CHAIRMAN. In other words, would not any reduction in the cost of coal be a benefit to you?

Mr. CAMPBELL. I do not see how. The probability is, according to the natural laws of trade, that if we were nearer to New York, the price of coal would be less.

The CHAIRMAN. Certainly, and you could furnish all the coal that the market would take, whereas now you are not able to furnish more than the fourth of it.

Mr. CAMPBELL. And the railroads would suffer in proportion, because they would be deprived of cargoes.

The CHAIRMAN. If, by any process, the price of coal can be reduced, would it not be an advantage?

Mr. CAMPBELL. It would be an advantage if we could maintain the price there.

The CHAIRMAN. So with regard to the foreign markets. The cost of transporting our products to a foreign market is a tax upon the net results that are left to the producer. For instance, we send cotton, corn, and products of all kinds abroad. Out of what we receive for them in Liverpool is deducted the cost of transportation, and the balance is left to the producer. Now, if you add to the cost of transportation, the producer will get so much less. Therefore, the transportation being done in foreign ships, the cheaper it is done the more benefit it is to the American producer, is it not?

Mr. CAMPBELL. It is probably a benefit to the American producer, but it is an injury to the people at large. I hold that it is the first duty of a government to protect its own people; that a man who does not provide for his own family is worse than an infidel, and, therefore, I am in favor of high protection.

The CHAIRMAN. It seems to me that if we have to pay a higher rate of transportation on what we sell abroad and on what we bring home, we lose in both directions, and that whoever will do the transportation cheapest for us is our benefactor. The reason why foreigners have got the transportation is because they work cheaper than Americans are willing to work for.

Mr. CAMPBELL. It is generally true that competition lessens the price of transportation. That is evidenced by our railroad system to-day. The more railroads we have and the greater the competition, the less is the cost of the transportation. I think that if we had shipping of our own, the cost of transportation would be materially diminished, because it is competition that always lessens the price of transportation.

The CHAIRMAN. But the whole world is in competition now for the carrying trade, and as the trade is open to the whole world, we have competition on all the routes.

Mr. CAMPBELL. It is an admitted fact that to a very great extent the very timber that goes to make up the vessels which carry our trade is shipped from this country to Europe.

The CHAIRMAN. Ships are not built of timber any more; they are built of iron.

Mr. CAMPBELL. Yes; but it is necessary to put a great deal of timber in them. The masts that go on the vessels are of timber.

The CHAIRMAN. O, no; they are all of iron.

Mr. CAMPBELL. Not the masts.

The CHAIRMAN. Yes. I have been over the Atlantic eight times within four years, and every ship that I have been on had iron masts. There is nothing now about a ship, even including its rigging, that is not made of iron or steel.

Mr. CAMPBELL. There are a great many wooden ships still on the sea. The great majority of ships plying the ocean to-day are wooden vessels.

The CHAIRMAN. If you examine the figures you will be surprised to find that the bulk of the tonnage of the world is being done on iron ships. The central line has been passed; they build no more wooden ships; all that they build now are iron, because they are operated more cheaply, and the difference in cost is less than is supposed.

Mr. CAMPBELL. Is it not an admitted fact that we only sell about 4 per cent. of cotton fabrics outside of our country?

The CHAIRMAN. Yes.

Mr. CAMPBELL. And yet it is also an admitted fact that our cotton fabrics are better than those of any other country.

The CHAIRMAN. There is a good deal of delusion about that. In certain coarse cotton fabrics our goods are better, but in fine fabrics they are not. We are still importing fine fabrics from abroad ourselves. We are not even producing our own fine fabrics. We imported nearly twenty millions' worth last year.

Mr. CAMPBELL. Still, we have the capacity here for producing cotton goods at a very low figure for importation. Take Mexico, for instance. England has the exclusive trade of Mexico in cotton fabrics.

The CHAIRMAN. Because England sells them cheaper.

Mr. CAMPBELL. How can England sell them cheaper, when we can sell our cotton fabrics even in Manchester?

The CHAIRMAN. A few cases of cotton goods have been sent from here to Manchester and have been sold there, as an experiment; but they were sold with a loss. We are not exporting cotton fabrics to England as a matter of trade. We are exporting some to China and to Japan and to South America. Our exports of cotton goods amount to some ten or eleven millions of dollars; but they are of coarse fabrics. When it comes to fine goods, we are undersold by foreigners.

Mr. CAMPBELL. I suppose that it is an admitted fact that not over one-third of the raw material of cotton is manufactured in this country.

The CHAIRMAN. Not quite one-third.

Mr. CAMPBELL. Would it not be better, having the labor and the facilities for manufacturing cotton, if we would manufacture it in this country and seek a market abroad for the manufactured article?

The CHAIRMAN. Granted; but suppose you could not sell it as cheap as the English sell it, what then? and we cannot. The New England mills are trying to do the very thing you desire, but they are met in the great markets of the world by the cotton goods manufactured in England. How would you do it? Would you give a bonus to the American manufacturers?

Mr. CAMPBELL. No, sir; but if we were to manufacture our own raw material the foreigners would not get it from us.

The CHAIRMAN. The answer to that is that the English pay to the men who raise cotton in the South more than New England men would pay for it, and the English will undersell us in the foreign markets. How? Because they have got a cheaper capital and cheaper labor. If the state of things now existing goes on much longer we will have cheap labor too, but that is precisely what these gentlemen [indicating the representatives of the workingmen] do not desire.

Mr. CAMPBELL. Is it not the same in the woolen trade? Is it not true that three-fourths of our entire fleece of wool is manufactured abroad, and that three-fourths of the woolen goods used in this country are imported here?

The CHAIRMAN. Admitting the statement to be true, the answer would be, what is the difference? The rates of wages are higher here than they are there, so that we cannot compete with the foreign manufacturers. The remedy is to cut the wages down, but gentlemen have been telling us here that the way to prosperity is to get the wages of the workmen up. I leave you to reconcile the difference.

Mr. CAMPBELL. I think that the difficulty about the whole question is in our not keeping the volume of currency at a certain figure. If you regulate the volume of currency and keep it there until there is a demand for an increase we would not suffer under these changes as we do now.

The CHAIRMAN. What better system can you have than the freedom to issue any amount of currency that the people want, provided it is made redeemable in gold and silver?

Mr. CAMPBELL. But one year your volume of circulation is all up and another year it is all down.

The CHAIRMAN. That is because the community does not want so much circulation one year and does want it the next year. For instance, under a free banking system the banks can issue any amount of circulation. The only trouble is that they have to redeem it. You would not have them issue it without redemption.

Mr. CAMPBELL. Is not the principal trouble this, that the government is issuing bonds to absorb the money that is in circulation?

The CHAIRMAN. But the government is not absorbing the money that is in circulation, because it is selling the bonds for gold.

Mr. CAMPBELL. The government takes for the bonds greenbacks at their value in gold.

The CHAIRMAN. Excuse me; the Treasury Department is only authorized to receive gold for the bonds.

The committee desires to say that if there is anybody present who has any suggestions to make the committee will hold another session this evening; otherwise, the committee will close its session in Scranton now. But I think we have succeeded in getting at a fair statement of the condition of things here, and we are greatly obliged to those who have come here to give it to us.

Mr. THOMAS (a former witness). I heard you speak this morning about trades unions for the purpose of arriving at some understanding between employers and employés. Is there any possible way of having a law to protect the members of trades unions?

The CHAIRMAN. The General Government cannot do anything in that way; but the States can.

Mr. THOMAS. The reason why I ask you is this: We have several times had trades unions in this valley, and these trades unions have had committees for conducting negotiations between them and the employers, and every member of these committees, with probably an exception or two in different localities, has been discharged.

The CHAIRMAN. You have only repeated here the experience which occurred in Great Britain, and which lasted for nearly 40 years there. The employers would not listen to the representatives of the trades unions, and the greatest injuries and wrongs were committed. The men who belonged to these trades unions underwent an amount of suffering which was simply heroic, and at last, in 1867, the famous trades union commission was appointed by the Queen. The chairman, Sir William Earl, one of the greatest jurists that England ever had (he was chief justice of the court of common pleas), reported in favor of legalizing trades unions, and bringing them under the law which governs the friendly societies in England, and they now make reports to a register, Mr. Tidpratt. The result is that the masters not merely recognize the necessity for trades unions, but they recognize the immense advantage which there is in having trades unions, by which they can arrange all questions in dispute. Take the society of Amalgamated Engineers in England. That society has had but one strike in about ten years—the famous New Castle strike. That was a strike for nine hours' time, and since then they have had no strikes, but every dispute between the engineers and their employers has been settled by agreement between committees of the masters and committees of the men, or by arbitration. This little book here (indicating) contains a history of the arbitrations in every branch of business in Great Britain for the last few years. There are many pages devoted to the coal trade. There are more than twenty arbitrations recorded here. It is the same in the iron trade, in the lace trade, in the carpet trade, and other trades. All these trades have trades unions, regularly organized and legalized. These unions all appoint committees, and the masters also appoint committees, which meet upon equal terms, just as this committee has met you gentlemen and as you have met this committee. The result in England is that strikes have been diminished in number. They are suffering there as they are here, but perhaps less than they are suffering here. The distress is increasing there, particularly in the cotton trade, and if we undertake to meet them in the foreign market, we will be met by people striving in desperation to get something to keep them employed; so that it is a very bad time for us to try to compete with them. It is a State matter, however, and not a Federal matter, and I think that it is the first duty of every State in the Union to give every possible facility to trade organizations, and that it is equally the duty of the workingmen to organize trades unions; to put the best men in charge of them; and to avoid, if possible, demagogues, and especially petty demagogues, who live upon tribute money. The workingmen should get their most intelligent men, and put them at the head of these organizations; and it will be an everlasting disgrace to the employers if they refuse to meet the committees of these organizations on fair and equal terms. If they do refuse, public opinion will not sanction it. I do not believe that there is a company strong enough to discharge an honest man of good character because he has organized a trades union, unless he has been playing the demagogue.

Mr. THOMAS. Bosses in this region have been known to stand around the doors of lodge-rooms where men have gone into trades-unions, and when these men came to work, the bosess would quietly walk up to them and ask them how things went on on such a night. The bosses would ask them whether they belonged to such a trades-union, and if they admitted that they did, the bosses would come along some day and find something wrong, and the men would be discharged.

The CHAIRMAN. You are only repeating what happened year after year in Great Britain, and which has come to an end there through the force of public opinion. The legislature cannot make a law to prevent one man from discharging another. That matter has got to be reached by public opinion. We had a case the other day at our iron-works. Before we blew out the furnace we called our men together and gave them the figures. We showed them what the iron was costing and what its price was, and we said to them, "There, we cannot get the cost for the iron. Appoint a committee and see these things for yourselves; and if you want us to continue the business, make up a rate of wages that you will be willing to take." The men got together and made up a rate of wages which was entirely satisfactory to us. There was perfect openness and fairness on both sides. I say that these great corporations here owe it to themselves, owe it to the country, and owe it to you to make a clean, open, honest statement of affairs. The public have got a right to know what these corporations earn, and you ought to know it. If they do not do that, they ought not to have the sympathy of the community. But if they deal honestly and fairly with you, you must not try to get them to pay you what they cannot afford to pay you. You must not try to get up strikes. The truth is that a great many of the railroad companies in this country are not able to pay interest even on their bonds, and but a few of them are paying dividends on their stock. The Reading Railroad has had to fund the coupons on its consolidated mortgage because they could not earn the interest. If that company had never bought coal lands it would have been paying its interest

to-day, but these railroad and coal companies made a mistake in purchasing coal lands, and have thus damaged the public as well as themselves. Generally, when people damage the public they damage themselves. The Delaware and Hudson Canal Company loaded itself down with coal lands and railroads so that it is no longer able to pay dividends on the stock; and, from being the most prosperous corporation in the United States, it is now laboring under very serious difficulties. If you examine the case to-day and compare the prices of coal with the cost of production, you will find that after providing for the cost of transporting the coal to market none of those companies are in a condition to pay any more wages than they are paying. I do not think it possible for them to do so. I think they would be delighted if they could give full employment at better wages. The truth is that employers (I am an employer myself) are always glad to pay good wages and to have plenty of work for men, and I assure you that it is excessively disagreeable for them when they have to cut down wages. I have never known an employer to reduce wages until he was losing so much money that he was driven to it. These coal companies were on the verge of bankruptcy when they reduced the wages of the workingmen. I do not commend the system of uniting the carrying business with the business of mining coal or with any other business. I think that the thing is wrong and should be prohibited. All the sufferings of these coal companies and the depression in the coal business have been, in my opinion, the result of that mistake; because, were it not for it, the extension of coal operations would not have been made any faster than consumers and producers were ready to come together in the market. There is only one way in which the thing will be ever got right, and that is by each side telling the honest and exact truth to the other side, and not trying to deceive the other side. We are only passing through a transition period here. I am afraid that, for another year or so, we will have hard times, but I think I may take the risk of prophesying that, after another year, we are going to have better times, and that you are going to find employment here for all the people who will need employment. But the old rates of wages you will never see again in this country. They were largely fictitious. Instead of getting $3 or $4 a day you will probably get about $1.50 a day, but the wages that you will get will be in gold. The real grievance of the working men generally is not that they are not getting high enough wages, but that they are not getting work enough, but I hope that, in a very little while, prosperity will be restored and that there will be no lack of employment. I did not intend to make any remarks to you, but I was pushed on to do it; and I am sure that if these gentlemen who are interested in the trades union matter will take this little pamphlet and digest it [handing around a few printed pamphlets on the subject], it will do them good.

Mr. CAMPBELL. I would like to inquire whether the depression in the railroad companies is not due to their watering their stocks.

The CHAIRMAN. It might be, if they were paying dividends on their stock.

Mr. CAMPBELL. Were they not paying as high as 12 per cent. in 1869 and 1870?

The CHAIRMAN. Yes; but what they are doing now is the question. I do not believe that the fact of their watering their stock is of any consequence now, because they are not paying dividends on their stock. What difference is it, when they do not pay anything at all on their stock, whether they call it thousands or millions? They have got to have money to pay the interest on their bonds. If they issued bonds for which they had not received any value, then there would be a good ground for complaint; but the watering of their stock does not really make any difference. It does not make a man richer or poorer whether he marks his stock up or marks it down. It made a difference to the people who bought the watered stock.

Mr. CAMPBELL. The railroad companies have a larger capital to pay dividends upon.

The CHAIRMAN. But they do not pay any dividends at all; so that that does not affect this question at all.

Mr. RICE. They are not paying running expenses.

Mr. CAMPBELL. I have no doubt but that the Delaware, Lackawanna and Western Company is paying running expenses now.

A SPECTATOR. It earned $500,000 last year.

The CHAIRMAN. You gentlemen of Scranton have got no grievance to complain about in regard to the building of a line of railroad by the Delaware and Hudson Canal Company to Canada. The company built that line and thus got access to iron beds, the ore from which is brought here to run the steel works. You are the gainers by that operation, but the stockholders are the losers.

Mr. CAMPBELL. The watering of the stock did not do that.

The CHAIRMAN. The watering of the stock has no earthly influence upon things here. The company sold the stock and put the proceeds in its business. The men who bought the stock were injured by it; and if you are a stockholder you have a grievance, and I would recommend you to go to the next meeting of stockholders and make a great row.

Mr. CAMPBELL. It injured hundreds of men here. It injured the whole community.

The CHAIRMAN. Well, let those men go to the next stock meeting and make a row

about it. But when a carrying company is authorized to buy coal property, or any other kind of property, to run iron-works and to engage in business, and if it then will not allow other people an outlet for their products on proper terms, it becomes a monopoly of the most odious kind. It is wrong in principle and fatal in its results, and has got to be undone. The community will never prosper until that has been repealed. I am a large property holder in Pennsylvania, and I am suffering by that policy. I want the law repealed, for it is a very great wrong.

Mr. CAMPBELL. All these corporations ought to be limited to carrying alone.

The CHAIRMAN. Certainly.

Mr. CHISHOLM. You are an employer of labor, and I wish to say that if all the employers of labor were to express themselves as you do and to act in conformity with the views which you have expressed, it would be well for the working classes.

The CHAIRMAN. No man has suffered any more from misrepresentation than I have, and on this very labor committee, simply because I have asked questions on all sides of the subject. I have been misrepresented all over the country; but my hope is that out of this investigation and out of the frank declarations of opinion to which I think honest men who studied the question would be driven, we shall arrive at a solution of the difficulty. The corporations are not your difficulty. They are your friends, but they must be properly conducted and managed. It is the abuses of these corporations that we want to correct. We do not want to destroy the corporations themselves.

Mr. CHISHOLM. I desire to say one word in regard trades union for the information of gentlemen who are opposed to them. In England the national associations committees in the different localities meet in the first, second, third, or fourth week of the month, and discuss the question of wages for the following month. That is the way it should be here. If the corporations and the men were to meet intelligently, all difficulties could be amicably adjusted, and that would be better for the corporations as well as for the men. I think that it behooves every workingman to support the principle of trades unions and to push them along as best he can. Trades unions should be legalized in this country as well as in Great Britain.

The CHAIRMAN. Trades unions when badly conducted are very great evils. They should be wisely and intelligently conducted. I am glad to say that in England they have arrived at a development which in the main is creditable. The more intelligent the men are and the more disinterested the managers are, the better the results will be. It cannot be expected that trades unions will be respected when they lead to such outrages as the Molly Maguire outrages, at which the moral sense of the community revolts. I take it that every intelligent workman is as much opposed to murder and outrage and rapine as any employer can be. In consequence of the Molly Maguire outrages in the Schuylkill region property there has become almost worthless, because you can scarcely get a man to stay there as a manager. But the future of labor and capital in the whole country is, in my judgment, bound up in the maintenance of trades unions, their enlargement, and their intelligent action. When you get such organizations as that here, and when its representatives go in the proper spirit to the employers, and when the employers meet them in the proper spirit, then most of the difficulties will disappear.

Mr. CHISHOLM. Yes, sir; I believe that trades-unions, when headed by intelligent men, will succeed, but that they will collapse very shortly if they are not headed by intelligent men.

Mr. THOMAS (to the chairman). Would it not be a good idea for such men as yourself, who hold those views, to advocate them?

The CHAIRMAN. I have handed you a pamphlet in which I have advocated them.

Mr. THOMAS. I mean other men besides you.

The CHAIRMAN. Men have got to be convinced, and the only way that men can be convinced is by studying the question.

Mr. RICE. You will have a report from this committee which, I think, will be unanimous and which will express those views.

Mr. THOMAS. Trades-unions are held in abhorrence by the employers, and we have been unable to create a sentiment in favor of them. We have asked the press to do so, but the press, as a rule, has gone entirely against the trades-unions.

The CHAIRMAN. The press, as a rule, expresses the views of those who support it.

Mr. THOMAS. That is it exactly. The corporations support the press, and they instruct the press to carry out their ideas.

The CHAIRMAN. You have got to rely on two things. You have got to have an organ of your own, and you have also got to rely upon growing intelligence. All this will contribute to bring about a better state of things. I have been aggravated once to a degree that I cannot state, by the action of a trades-union. It ordered a strike once from Pittsburgh, in the Trenton Mill belonging to Cooper & Hewitt. We did not know what the trouble was. The strike was ordered from Pittsburgh. I felt perfectly aggravated, as the men in the mill had not said a word about it. I ordered the works to be shut up, and said that I would never open them again until the order for the strike was withdrawn. Then Mr. Cooper saw a couple of the men, and in five

minutes the whole difficulty was adjusted. Now, I say that the power of trades-unions must not be used in that aggravating kind of way.

A SPECTATOR. May I ask what the committee is going to recommend to the workingmen generally? Did I understand you as saying that the committee will report against the railroad corporations buying coal-lands?

The CHAIRMAN. We are not going to make any recommendation at all to the workingmen. We are going to try to state, so far as we can, the causes of the present difficulty. We are going to try to find out, if we can, some remedies for the evil, and to recommend some improvement in legislation, and also to make some suggestions to the public at large, thus doing something toward the formation of public opinion. If it comes to a question of saying whether we will recommend the workingmen not to work for the coal companies until they give up the coal-lands, the committee is not going to perpetrate any such folly as that.

This committee will now adjourn *sine die*, so far as Scranton is concerned.

WASHINGTON, *December* 11, 1878.

ISAAC COHEN appeared voluntarily before the committee, and was examined as follows:

By the CHAIRMAN:

Question. Please state your residence and your business.—Answer. I reside in Washington; I am a machinist by trade.

Q. Do you work at your trade?—A. No, sir.

Q. How long is it since you have worked at your trade?—A. A year and a half.

Q. What is your present business?—A. My present business is taking part in the cause of the distressed laborers.

Q. Are you in the employ of any association?—A. No, sir; not in the employ of an association. I belong to an association.

Q. Are you an officer of any association?—A. Yes.

Q. What association is it?—A. An association which I am not at liberty to mention. I am also president of the Workingmen's Relief Association of the District of Columbia.

Q. How many members has the association of which you speak?—A. That I cannot tell you now. I have been away for some time.

Q. How many members has it had at any time?—A. It has had as many as 10,000 members in the District of Columbia.

Q. Do you mean to say that you have had 10,000 members enrolled?—A. Not enrolled; we had that number that took part; we had as many as 2,000 or 3,000 enrolled, but the others were members, too.

Q. What constitutes membership?—A. Membership at that time constituted by giving names, places of residence, and occupations.

Q. Then how did you distinguish between the 2,000 or 3,000 that you had enrolled and the remaining 7,000 or 8,000 that were not enrolled?—A. I distinguished them by those that were enrolled having their names on the books.

Q. And how did the others become members?—A. Simply because they took part in meetings, parades, and that sort of thing.

Q. But you say that that did not constitute membership?—A. No, sir.

Q. Then they were not members?—A. They were not actually members.

Q. They were sympathizers?—A. Yes; you might term them sympathizers.

Q. You said something about secret associations; are you also a member of secret associations?—A. Yes, sir.

Q. Are you in a position to explain anything in regard to those secret associations; can you state what their object is? I do not want you to violate any confidence in asking these questions, but I should like to hear what the object of these associations is.—A. I will state the object. I do not propose to violate any secrets, however. The object is to unite in organizing citizens of the United States of eighteen years of age and upward, without regard to race or color, and all combinations of labor of whatever nature, against the aggressive inroads of capital and class legislation. That is about the main object.

Q. To prevent the inroads of capital?—A. No, I didn't say that. I said to unite labor of whatever nature against the aggressive inroads of capital and class legislation.

Q. Are those associations numerous?—A. They are.

Q. Can you give us any idea of the number of members probably belonging to them?—A. No, sir; I could not give you the number of the membership, and I would not be allowed to do so if I could.

Q. Do these associations extend over the whole United States?—A. Yes, sir.

Q. Do they exist in every State in the United States?—A. I think so.

Q. Can you explain to the committee the methods by which these associations propose to prevent the "aggressive inroads of capital and class legislation"?—A. Yes. I think, in the first place, by voting for such candidates as they may select; and, where they have not got the strength to select men of their own, by pledging the members to vote for such men as the order shall agree upon, and to build up a party of their own in the interest of labor and of the laboring man.

Q. Explain to the committee what you understand to be the meaning of "the aggressive inroads of capital." Do you object to capital?—A. No, sir, I do not.

Q. You do not object to capital coming into this country?—A. By no means.

Q. Then what do you mean by the aggressive inroads of capital? If capital were to pour into this country at the rate of millions of dollars a month, or millions of dollars a day, you would not regard that as an aggressive inroad of capital?—A. No, sir. What I mean by that expression is that capital takes seven-eighths of the wealth produced through labor, and labor gets only one-eighth.

Q. That is, you mean to say, that you regard the present distribution of the proceeds of industry as unjust and "aggressive," and that you want to introduce a different division between the owners of capital and the owners of labor?—A. Yes, sir.

Q. Do you know whether manufacturing business, agricultural business—I may include every kind of business in the United States—is prosperous at the present time, and whether the owners of capital embarked in business are making money or not?—A. I am aware of the fact that it is quite the contrary.

Q. They are not making money, you think?—A. They are not.

Q. Then if you took any more from the owners of capital than they now give to labor, what would happen to the business?—A. I don't propose to take anything from them. I propose a different division, in the language that you used a while ago.

Q. You say that at present the capitalist gets seven-eighths and the laborer only one-eighth, and you say at the same time that business is bad and capital is unproductive?—A. I beg to qualify that. I say that capital is not making anything now out of the product of labor simply because the government is holding out inducements to capital by which it can make money without employing labor. I refer to the banking system, where a man can buy bonds and make four or four and a half or six per cent. interest, whereby capital can make money and be independent of labor.

Q. Then you think the government policy which offers a 4 per cent. bond to capital is an inducement for capital to leave business and invest in bonds?—A. Yes.

Q. Then, of course, you are of opinion that capital in business could not make 4 per cent. interest?—A. No, sir; it could not on a large scale.

Q. Then, if capital could not make 4 per cent. in business, how can it be possible that capital gets seven-eighths of the products of industry and labor only one-eighth? Seven-eighths, you know, is 87½ per cent.—A. I will explain. Suppose capital should invest in private enterprise and should only make three per cent. Then what I hold is that capital takes seven-eighths of that three per cent. profit, while the laborer gets only one-eighth.

Q. Then you think the iniquity is that capital takes seven-eighths of the profit and not seven-eighths of the product?—A. Seven-eighths of the profit, whatever it may be.

Q. Take the case of a private enterprise in which there is invested a capital of $1,000,000. The interest on that capital at three per cent. would be $30,000 per annum. Now, it is a law which has been pretty well established by experience that every $1,000 employs a laborer; that is the way it works in this country practically. Therefore, a capital of $1,000,000 would employ just 1,000 laborers. At a dollar a day the earnings of those laborers would be, say $300 a year each, making an aggregate of $300,000. In that case labor would receive $300,000 and capital $30,000; or, in other words, labor would receive just ten times as much as capital. How does that comport with your statement that capital takes seven-eighths and leaves labor only one-eighth of the profits?—A. That may be your theory, and it reminds me of a fact. While in the South I heard the farmers there abused for raising only cotton and told that they should raise provisions, so as to be sure of having something to live upon; but calculations were made on the other side by which it was proved that the exclusive raising of cotton was more profitable; that it was cheaper to raise cotton and buy provisions than to raise them at home, because the West could furnish provisions so much cheaper. This calculation was proved. You could show a farmer that it was a great advantage to him to raise cotton and buy his provisions, but while the theory was good on paper, it was bad in practice; it ruined the South, and when they turned the scale on the calculations of the theorist it showed that they were not correct.

Q. But do you deny that capital employs labor?—A. I do deny that it employs it at this time.

Q. Is the labor of this country idle?—A. Yes, sir.

Q. Then there is nobody employed in this country?—A. Hardly anybody. There are some people employed, as a matter of course.

Q. What proportion of the labor of the country is employed and what is unemployed?—A. I believe that the largest proportion is unemployed.

Q. More than half, you think?—A. Yes.

Q. Are you aware of how many persons there are in the United States engaged in manual labor—the laboring classes, as you term them?—A. I don't know the exact number.

Q. But you are satisfied that half of them are doing nothing at present?—A. Yes, sir; I hold that half of them are doing nothing.

Q. Have you got any evidence of that fact beyond your mere belief?—A. No, sir; except what information I receive.

Q. Have you any knowledge at all of what is supposed to be the capacity of a community actively employed to earn a surplus; what percentage of the profits of labor can be saved over and above what is consumed by the community?—A. No, sir; I haven't gone into any calculations of that kind.

Q. You have said that capital cannot earn over 3 per cent. in profitable enterprise?—A. Yes, sir.

Q. Then that would indicate that the community could not earn over 3 per cent. surplus in a year?—A. I don't know what legal deductions you are going to draw.

Q. I am not drawing any legal deductions. I am trying to get at the facts. Your own statement is that capital cannot earn over 3 per cent., and that therefore it is glad to invest in government bonds at 4 per cent. You state also that capital takes seven-eighths of the profits. Therefore, if capital takes over seven-eighths of the profits, and if then it cannot earn over 3 per cent., that proves that seven-eighths of the profits cannot amount to more than 3 per cent. on the capital. Now, if that is true, and if it is also true that more than one-half of the laborers of the country are idle, how long will it be before we shall all be suffering starvation?—A. I think that is what we are doing now.

Q. Are you suffering?—A. Yes, sir.

Q. Are you suffering from want of food?—A. No, sir; not exactly that, but from seeing other people suffer.

Q. They are at work?—A. No, sir; most of them are idle.

Q. They are idle?—A. Yes.

Q. And you are idle?—A. Yes. Well, I am doing something; I am working for other people.

Q. Are you working for the people that are idle?—A. Yes, sir.

Q. Do they pay you for working for them?—A. No, sir; no more than they pay you. We are both working for the same cause. I am working for these people, and I am not paid for it.

Q. Well, that is a very creditable way for people to work for their fellow-men. Now you said you wanted to make some statement to this committee in regard to the condition of the laboring classes in this District?—A. I do.

By Mr. RICE:

Q. Were you born in this country?—A. No, sir; I was not born here, but I am now an American citizen; I was born in Germany.

Q. How long have you lived in this country?—A. Eleven or twelve years. Now, then, I would like to give a few of the reasons to which I attribute the difficulties of the laboring men, and then we will follow that up with the condition of the laboring men in this District. It is claimed by a great many that overproduction is the cause of our distress. I ask, why should that be the cause when the people are idle? How can we have overproduction when the people are idle? The balance of trade is in our favor; we can find markets for our products. Is that a sign of overproduction? Extravagance on the part of the people is also named as a cause of distress. If the people are extravagant, how can we have overproduction? If the idle people who don't consume now because they have nothing to consume with were employed and earning, would overproduction cause them to be naked and suffering for the necessaries of life? Overproduction might be brought about by a too large increase of labor-saving machinery which produces without consuming.

By the CHAIRMAN:

Q. Do you hold that overproduction is or is not the cause of the depressed condition of labor?—A. I will get to that question in a minute. I hold that we have too much work done by prison labor.

Q. I must ask you to answer my question. Do you mean to say that overproduction is or is not the cause of the business depression?—A. I hold that it is not. I hold that the cause is non-consumption.

Q. That is, you hold that there is not too much production, but that there is too little consumed?—A. Yes, sir. Then I think that the work that is done now in the prisons ought to be abolished. Those prisoners are supported at the expense of the public. They do not compensate the public; they do not work for the public, but

they are hired out to individuals and corporations. They learn trades at the expense of the public; they come in competition with the workingman, enriching the few and impoverishing the many.

Q. What would you have the prisoners do?—A. I would have the prisoners work for the community and the government which places them there and support themselves.

Q. That is, you would have them produce the articles which they now produce for the government instead of for private individuals?—A. No, sir; not necessarily. They need not manufacture shoes as they do now. Let them work on farms, and make themselves self-sustaining.

Q. Then you would have the prisoners work at farming instead of at mechanical trades?—A. Yes; let them work at that and produce their own provisions and such things; but I would not let them produce articles which honest workingmen are supposed to make a living from.

Q. Is the farmer an honest workingman?—A. He is; but he is a more independent man. He is not dependent upon his daily labor to pay his expense from day to day. He has his fields and earns his bread, and if he does not work for a day or two, or three, or even a month, still he has something to live upon, while the workingmen in the large cities are dependent upon their daily pay for their daily necessities.

Q. Are you aware that there is very grievous complaint from those engaged in agricultural industry all over the country that they are not able to make sufficient wages to get what they regard as the necessaries of life?—A. Yes; but that is not due to the fact of their being engaged in agriculture; that is due to various causes now operating against their interests as well as against the interests of other workingmen. I hold that the laborers on farms are not suffering by any means to the extent that the laborers in the large cities are. While the laborers on farms have at least something to eat if they don't make any money, the workingmen in the cities cannot make a support for their families and are suffering for the necessaries of life. There is the difference.

Q. What branches of business do the prisoners engage in now? Shoemaking is one, I believe?—A. Yes, sir; shoemaking and cigarmaking. I have not examined that closely. I have examined the subject, but not the prisons.

Q. The prisoners make shoes. Do you know any shoemakers who are starving?—A. Yes, sir; I know plenty of them.

Q. Starving?—A. Starving; not in the sense that we use that word.

Q. And you say that the agricultural laborers are sure of enough to eat?—A. Yes, sir.

Q. Do not the shoemakers that you speak of get enough to eat?—A. No, sir.

Q. Don't they have anything to eat?—A. They get something to eat, of course, or they wouldn't be alive.

Q. Now, if you set the prisoners to cultivating the farms, will they not displace just as many farm laborers as they now displace shoemakers and cigarmakers?—A. Yes; but I would not work them to that extent. I would work them just enough to make them self-supporting.

Q. That is, you would let the prisoners have an easy time while the honest men had to work hard?—A. Well, yes; if it is easy to lie in a cell.

Q. But you would take them out and let them work in the open air?—A. Yes; enough to make them self-supporting.

Q. Then, according to your plan, the criminal will work in moderation and have a pleasant time, while the hard-working laboring man is to be kept with his nose to the grindstone?—A. That is not necessarily the consequence.

The next point that I want to call attention to is the Chinese question. The Chinese are a barbarous, debased, demoralized people. If they come here, and are detrimental to the interests of the workingmen, then I say, in the language of Dennis Kearney, "They ought to go."

Q. Would you limit that view to the Chinese, or would you include all other degraded and demoralized people?—A. I would limit it to the Chinese.

Q. Then you would not exclude all degraded and demoralized people from this country, but only the Chinese?—A. Only the Chinese. I could not include American citizens.

Q. But suppose they were not American citizens. Suppose they were persons landing here, Germans and other nationalities, who were unfit to make good citizens, degraded paupers and criminals, as I have seen them come into the city of New York myself, by ship-loads, in times past, would you apply your rule to them?—A. Well, it wouldn't be a bad plan to exterminate them too.

Q. Then you would not limit your view to the Chinese, but would include all demoralized, degraded people coming into this country?—A. For the purpose of my statement here now I would limit it to the Chinese, but if there are any such men as you have just now mentioned I shouldn't have any complaint to make if you applied it to them.

By Mr. RICE:

Q. Is not the very suffering of which complaint is made in the great cities largely to be attributed to the fact that the community is made up of such persons as have been referred to here; persons cast off from the pauperism of Ireland and other countries who are unable to take an independent place or make a living? Is not the suffering that you speak of largely to be attributed to that fact?—A. This is the first time I have heard of it. I understand Mr. Hewitt to say that there are such people, but I do not understand him to say that the people who come here from abroad are all criminals. I understood him to ask me whether the criminals of other nations who come here ought not to go with the Chinese, and to that I answered him in the affirmative.

The CHAIRMAN. Yes, I want to know whether it is because of their nationality that you want the Chinese to go, or whether you apply your view to all the people who are unfit, owing to degradation and demoralization, to be good members of society.—A. Yes, sir; I want the Chinese to go, in the first place, because of their coming here and being hired here as serfs, and because the effect of their being here is detrimental to the welfare of the people of this country, and especially to the State of California. They come here as serfs, they are hired as serfs, they live as serfs; they produce and do not consume. The legislature of California appointed committees to investigate this subject, and reported that the Chinese are detrimental to the welfare of the people of that State and to the country at large. That being the case, and basing my view upon that special report, I say they ought to go.

Q. Suppose the authorities of some other State should make an investigation of the condition of society there and find that it was detrimental to have Germans, or Irish, or Italians, or negroes (because they are free to come here from Africa), what would you do then; would you exclude them all on the same principle?—A. I suppose I will have to do so to be consistent.

Q. Then you think that this United States Government should, upon the representation of the authorities of a State that some particular class of labor was detrimental to that State, exclude that labor from the country?—A. I take it that this government is for the benefit of the people, and that if the majority of the people, who are supposed to rule in this country, declare that a certain thing is detrimental, then it must be abolished. Now, as to whether it is just or unjust, I call your attention to the fact that that is done every day, under the cover of law, to American citizens, whether of Irish, or German, or native birth; they are classed as tramps, and imprisoned because they cannot find employment, although they are not criminals of any kind. If the law can do that, I think it can do almost anything.

Q. I ask you whether it is your opinion that, on the representation of the authorities of a State that a certain class of laborers are detrimental to its interests, the general government should proceed to exclude that class of laborers from the country?—A. Yes, if they were found to be detrimental.

Q. And that should be done upon the representation of any State?—A. I hold that, if the Congress of the United States satisfies itself that the presence of the Chinese or any other nationality is detrimental to the community, then that class of people ought to be got rid of. I do not say in what manner it should be done; that is for the Congress to determine, but some action should be taken on the subject.

Q. Do you know what percentage of the occupants of the poor-house and prisons of the State of New York, for example, are of foreign birth?—A. I do not.

Q. Well, nearly three-fourths of them are of foreign birth. Now, if that is so, it is detrimental to the State of New York that it should have to maintain a large number of paupers and criminals of foreign birth, is it not?—A. Yes.

Q. And therefore, if the people of the State of New York said that they wanted the Germans and the Irish and the other foreigners who fill their poor-houses and prisons excluded from the country, you would have the general government exclude them?—A. Yes; but here is the qualification I made: if these men come here as criminals.

Q. Do you know that the government has taken every possible precaution in that particular by having commissioners of immigration to look after these foreigners who come here for the first five years?—A. If a man has been here five years, and naturalizes, he is an American citizen, and then if he becomes a criminal, he is to be treated the same as a native would be.

Q. But you know that a man may have been five years here and not be a citizen?—A. Well, if he is not a citizen, and if he has been in the country any length of time, and has acted as a respectable member of the community, he could not be sent out of the country.

Q. Have you ever compared the percentage of the Chinese who are in prisons and poor-houses in California or any other part of the United States with the percentage of prisoners of European birth? I want to know whether your denunciation of the Chinese as a degraded and demoralized race is based upon an examination of the facts.—A. Yes; I have taken the facts from the report of the committee of the legislature of California.

Q. Does that report give the percentage of the Chinese in poor-houses and prisons as compared with other races?—A. Yes.

Q. What is the percentage?—A. I think it is a very large percentage, but I cannot give you the figures.

Q. By a large percentage I suppose you mean more than one-half. Now, there are only about 200,000 Chinese in the country altogether, and if half of them are in prisons and poor-houses, and not competing, there are only a hundred thousand left outside to compete with other workingmen?—A. I did not say that half of them were in prison; I am speaking of the percentage, compared with other prisoners, whatever it may be.

Q. What is the percentage, compared with others?—A. I say it is a large percentage, but I cannot give the exact figures. But I say that the percentage of Chinese in prisons is larger than that of any other class, foreign or native.

Q. You think the percentage of Chinese in the prisons of California is larger than the percentage of any other class?—A. Yes; that is what I say; I do not state that there are 100,000 of them, or any other particular number.

By Mr. THOMPSON:

Q. But you do say that the proportion of Chinese in the prisons of California is larger in proportion to the whole number of the people of their race in that State than the proportion of any other nationality?—A. Yes, sir.

By the CHAIRMAN:

Q. Do you include paupers, also?—A. No, sir; I leave out paupers, because I don't think the Chinese ever become paupers; they can live on rats and mice.

Q. Then you object to having a race here that can live on a little?—A. Yes; a race who can work a great deal and live on a little. I say that their presence is detrimental to the country.

Q. Then if we could find a race that required a very large amount to keep them in good working order, it would be a good thing to introduce them here, you think?—A It would, indeed.

By Mr. THOMPSON:

Q. Then why do you object to capitalists, who don't labor at all, according to your view of labor, but do consume a great deal, for they are said to be extravagant?—A. I don't object to a capitalist being extravagant.

Q. But capital lives on labor, as you put it. Now the less labor the capitalist does, and the more he consumes, the worse it is for the country, as you put it, is it not?—A. No, sir; I didn't put it in that way. I say that capital is aggressive upon labor because it takes seven-eighths of the profits accruing from labor.

Q. In other words, capital requires so much to live on?—A. I don't say whether it requires it or not; I say it takes it.

By the CHAIRMAN:

Q. I understand your view to be that in proportion as a man consumes much and does little, he is a benefactor to the community. The less a man produces and the more he eats and drinks the better the condition of society, according to yourview?—A. No, sir; I didn't say anything of the kind.

Q. You said you objected to the Chinese as a race that eat little and produce much, and that it would be a great advantage if we could find a race that would eat a great deal and produce little in proportion to what they consumed.—A. Well, I will state it in my own way and leave you to draw the inference. I say that any race that comes here and performs hard labor, works a great deal and does not consume in proportion, is detrimental to the welfare of the community.

By Mr. THOMPSON:

Q. What would you say about a race that consumed a great deal and produced nothing?—A. That is another question altogether.

Q. But would such a race suit you?—A. That may be a deduction drawn by you, but I am making a proposition of my own. I hold that the Chinese come here and work for little or nothing. They work like prisoners under the control of overseers, who make them work from morning until night, and hence, of course, they produce a great deal. If we have any over-production, as claimed, I hold that the Chinese are a part of the cause, because they work a great deal and do not consume.

By the CHAIRMAN:

Q. Is it good or bad for the community to have a surplus?—A. I must answer that in my own way. It is good if the community can use it first for themselves and then dispose of the surplus; but in my judgment it is no benefit to any community to have a great deal, or to have a surplus if they cannot use it. If we have over-production now I ask why are we hungry and naked?

Q. But my question is this: Is it, in your judgment, a good thing for the community to consume as fast as it produces and so to have no surplus, or is it a good thing for the community to accumulate a surplus which will enable it to go on with great works of improvement, and which can be transferred into the form of fixed capital?—A. I am perfectly willing to have a surplus. In fact, I think the surplus would enrich the community if it were sold in foreign markets; but to have a surplus, and at the same time to be suffering, I think is the height of folly.

Q. It certainly is unfortunate, but I am asking now about the broad principle, whether it is an advantage to a community to purchase more than it consumes and so to have a surplus?—A. It should produce more than it consumes.

Q. Then how do you make out that a race which produces a great deal and consumes very little is an injury to the community?—A. Simply because what they produce goes into the hands of a few.

Q. But what can the few do with it; they cannot consume it?—A. They can invest it in bonds and draw their interest from the government.

Q. But when the capitalist buys bonds, the money which he pays is disbursed for something else?—A. Not necessarily. It sometimes goes into Wall street and into the vaults of the banks; it is not necessarily used in the employment of labor.

Q. If you sell me a bond of $1,000 and I pay you for it, then you have got my $1,000. Now, what good is that $1,000 to you unless you make use of it?—A. But I might turn around and buy another bond.

Q. Then the man who sold you that bond would have the $1,000, and it would be no benefit to him unless he made use of it?—A. He might buy another bond, and so it would be a bond speculation all the time, and the laboring man would be kept out of employment.

Q. Then you think there would be a perpetual investment in bonds?—A. Yes, sir; bonds and stocks.

Q. Well, are not even bonds and stocks the representatives of property which is or has been productive for the benefit of the community?—A. Sometimes the property is imaginary.

Q. Then the man who pays the money for a bond based on an imaginary basis has lost his money; he gains nothing?—A. No, sir; he is played out.

Q. But the money, the $1,000, still circulates in the community, doesn't it?—A. Yes, but it may circulate in speculation.

Q. But after all the bonds are owned by somebody?—A. No doubt about that; they are owned by somebody.

Q. What other points have you to present?—A. I have a point in regard to machinery. I am not in favor of the destruction of machinery, because it is a factor of civilization, but I hold that the hours of labor should be decreased in accordance with the increase of machinery. Inventions should be for the benefit of mankind, and not for the benefit of inventors or owners.

Q. Suppose Mr. Edison by his invention reduces the price of light one-half, will you confiscate that invention for the benefit of the community, or would you allow him some reward for it?—A. I would discriminate according to what the inventions are. There are some inventions which in my judgment do not take away labor from the workingman; they are not labor-saving inventions.

Q. But at present the gas companies employ large numbers of laborers in handling the coal, filling the retorts, &c., and Mr. Edison proposes to displace many of those laborers, probably more than half, the result being that light will be reduced in cost one-half: now is that a benefaction to the community or an injury?—A. I hold that all inventions that bring with them simplicity and advancement in civilization are proper to be encouraged, but I am very positive that as machinery increases the hours of labor must be reduced to correspond.

Q. Ah, your proposition now is different from what it was before?—A. No; I made that proposition at first.

Q. But you said that inventions should be for the benefit of the community and not for the benefit of the inventor?—A. Yes.

Q. Now you say that as machinery is introduced the hours of labor should be reduced?—A. Yes. I put the two propositions together, you understand.

Q. You say there is no over-production at present?—A. No; I think there is under-consumption.

Q. Then if you reduce the hours of labor and consequently the time that machinery shall be run you reduce production still further, do you not?—A. Yes, sir.

Q. Then, of course, there will be less production than there is now?—A. Yes.

Q. But you say that there is no over-production now?—A. I say there is not.

Q. Then if there is no over-production and if we produce still less, as you propose, won't the suffering of which you complain be increased?—A. There is no over-production now, simply because the people have nothing to buy our products with.

Q. Then if the people have nothing to buy with there must be more produced than the people can buy at present?—A. That is a fact, but it is not because the people do

not want the goods. If everybody was at work and earning we would still produce more than the United States could consume, and need not suffer.

Q. But you said at the outset that there were people enough to require and consume everything that had been produced heretofore, that there was no over-production. If that is so, and you still further reduce the hours of labor and the time during which machinery runs, you, of course, reduce the production still more. Now, will not that give us under-production and so increase the distress?—A. I said that we have no over-production according to the present consumption.

The CHAIRMAN. Then I don't know what you mean by over-production.

The WITNESS. I mean by that, that we produce more than the nation does consume at this time for reasons I have given.

The CHAIRMAN. Do you mean that there has been more produced than the nation ought to consume?

The WITNESS. No; not more than it ought to consume.

The CHAIRMAN. Would you reduce the quantity that is produced?

The WITNESS. I would not.

The CHAIRMAN. But if you reduced the hours of labor, as you propose, and the hours during which machinery should run, wouldn't you necessarily reduce the production?

The WITNESS. My proposition is that the hours of labor ought to be reduced if we have got too much labor-saving machinery.

The CHAIRMAN. Have we got too much?

The WITNESS. I think we have.

The CHAIRMAN. And yet we have not got over-production?

The WITNESS. No; because we have under-consumption, owing to the fact that the people are idle, earning nothing, therefore cannot consume.

The CHAIRMAN. Well, can you give us a remedy to enable the people to consume more? Your idea just now was that a race that consumed little was a nuisance, and one remedy, I suppose, for the present evils is to find a race that can consume more.

The WITNESS. I will give you my views of how that can be changed. I have given my views upon the Chinese and we will let that pass. I say now, that if our people were all employed (and I can point out how they might be employed), and were earning, then there would be no under-consumption.

The CHAIRMAN. But how could the people be more employed than now if you reduced the hours of labor, and ran the machinery a less time? Machinery now runs ten hours a day, and half of it in the country is running at the present time, and yet you say the people are not half employed, but you propose to run the machinery a less number of hours a day; how is that to add to the employment of the people?

The WITNESS. I will illustrate. Suppose I can make by hand ten coats a day and I can make the same ten coats by machinery in three hours, then by working only three hours a day I can produce the same number of coats that I can produce by hand in ten hours a day's labor. That is my principle.

The CHAIRMAN. Would you stop the use of machinery and go back to hand labor?

The WITNESS. I would not, because, as I said a while ago, machinery is a factor of civilization.

The CHAIRMAN. Then what would you do?

The WITNESS. I would reduce the hours of labor in proportion to the increase of machinery.

The CHAIRMAN. That is, you would restrict the hours during which machinery should be run?

The WITNESS. Yes; so as to bring about the same amount of production that hand labor would give, working the ordinary number of hours per day.

The CHAIRMAN. Wouldn't that make goods of every kind dearer?

The WITNESS. I suppose it does.

The CHAIRMAN. If it did, wouldn't that make them harder to buy?

The WITNESS. No, sir; not necessarily.

The CHAIRMAN. Then you think that people can buy a dear article as easily as a cheap one?

The WITNESS. Yes, sir; if they earn accordingly. I have always found the best times in the country where things are high. For the same reason I am in favor of a protective tariff.

The CHAIRMAN. Then if we were to reduce the hours of labor to three hours a day all would be prosperous and be able to buy goods at higher prices; is that your idea?

The WITNESS. The immediate result would be that you would be able to employ so many more men.

The CHAIRMAN. Yes, you would employ more men, but would you have more goods?

The WITNESS. We would have the same amount of goods that we have now.

The CHAIRMAN. Then you think that if all the laboring men were working three hours a day, and you distributed among them what is now paid for ten hours a day labor (for of course you cannot distribute more than there is), then there being less

goods produced, everybody would be able to buy them. In other words, a man now works ten hours a day and gets so much money, which at current prices will purchase so much goods. Upon your plan there will not be any more goods produced, and therefore there cannot be any more distributed; but you would distribute them differently, that is, those who are getting $1.50 a day would get a dollar a day, and those who now earn nothing would get half a dollar a day. How then could anybody buy more goods than he can now?

The WITNESS. I am not speaking now about buying goods; I am speaking about employing labor.

The CHAIRMAN. I can understand how you could get along on your plan if you had a race that did not consume so much, but what you want is a race that consumes a great deal and produces little.

The WITNESS. I hold that your deduction does not necessarily follow from the proposition I laid down.

The CHAIRMAN. You propose to have people consume more than at present, and at the same time to produce less, because you propose to restrict the hours during which machinery is run. Now, I do not see how the community can acquire a surplus on that theory, although you admit that a surplus is a good thing.

The WITNESS. It will acquire a surplus when all the people are employed, whether they work ten hours a day or only one hour a day.

Mr. THOMPSON. The result that you desire from machinery is not to increase production, but to reduce the hours of labor?

The WITNESS. Yes, sir.

Mr. THOMPSON. Then why not do away with the machinery and work all the hours that we work now on the theory that it is better to work than to be idle, even if it does not pay any money?

The WITNESS. Because, as I have said, machinery is a factor of civilization, and I would not go backward.

Mr. THOMPSON. But how is it a factor of civilization if you do not make use of it?

The WITNESS. I would make use of it. If I use the same amount of machinery and employ a greater number of men and work them fewer hours a day I do make use of machinery.

Mr. THOMPSON. But you do not get the benefit of the use of machinery.

The WITNESS. If I employ ten men one hour a day, instead of one man ten hours a day, does it not amount to the same thing?

Mr. THOMPSON. Why not get rid of machinery altogether and go back to hand labor?

The WITNESS. Because machinery is easier to work. Why should a man work hard ten hours a day when he can do the same work more easily in one hour?

Mr. THOMPSON. Then you think that idleness for three-fourths of the time is a factor of civilization?

The WITNESS. I did not say that, and I do not mean that.

Mr. THOMPSON. But wouldn't it come to that?

The WITNESS. No, because a man can employ in a very good way the hours that he is not working. It gives him an opportunity to improve intellectually.

Mr. THOMPSON. And the more leisure a man has the more effective is he as a factor of civilization?

The WITNESS. Exactly. And another thing. If you employ ten or twelve men instead one, they consume as well as produce; while your machinery does not consume; it neither eats, drinks, nor wears clothes.

The CHAIRMAN. You say you have been a machinist?

The WITNESS. Yes, sir.

The CHAIRMAN. From your experience do you think it would pay to light up a steam-engine and set it going to run only one hour a day?

The WITNESS. No, it would not; but I do not insist upon one hour a day. My proposition is only that the hours of labor ought to be reduced in proportion to the increase of machinery.

The CHAIRMAN. But you want to limit the hours of machinery to such a number of hours as will give employment to every idle man.

The WITNESS. That ought to be done.

The CHAIRMAN. Wouldn't that add to the cost of running the machinery?

The WITNESS. That is a different question. Each individual for himself would investigate that.

Mr. RICE. I suppose you would have one set work five hours a day and another set work five hours a day, and run the machinery ten hours a day.

The WITNESS. Yes; that could be done.

Mr. THOMPSON. How would you do in the cases of railroads and steamships?

The WITNESS. I think that the government ought to assume control over all railroads, telegraph lines, and canals, just as it does over the post-offices.

Mr. THOMPSON. The telephone lines too?

The WITNESS. Telephones are a different thing; but the government ought to assume control over railroads and telegraph lines for the benefit of the people.

The CHAIRMAN. Why not take possession of the iron-works also which supply the telegraphs and railroads with iron?

The WITNESS. I would have the government assume control over the railroads and canals because they are great thoroughfares pertaining to the interests of the people all over the country, while I have no interest in the iron-works or founderies. They are sectional, and established in the interest of individuals; but every citizen of the United States is interested in railroads, canals, and telegraphs.

The CHAIRMAN. Having got possession of them, how would you regulate the hours of labor on them?

The WITNESS. That should be according to the principle I have laid down.

The CHAIRMAN. Take, for instance, a train running from here to New York. It is now a day's work, I believe, to run an engine about two hundred miles. You, I suppose, think that is too much and that the hours of labor should be reduced?

The WITNESS. Well, working on railroads might be exceptional.

The CHAIRMAN. Then you make exceptions?

The WITNESS. As a matter of course I always make exceptions where they are necessary. The question of production and consumption is a different thing from the question of running a railroad. Production and consumption do not apply to running railroads or telegraphs.

The CHAIRMAN. How would you pay the men working on the railroads—according to the time they ran?

The WITNESS. Yes, sir.

The CHAIRMAN. Then one class of workingmen in the community would be permitted to earn more than another class of workmen of the same kind.

The WITNESS. Not necessarily.

The CHAIRMAN. The machinist running on a railroad would be permitted to earn the wages of ten hours a day while one working in an iron foundery would be permitted to work only five hours a day, and to earn only the wages of five hours a day.

The WITNESS. If he produces the same amount he is entitled to the same wages that would be paid for ten hours' labor.

The CHAIRMAN. But don't you think it would be a hardship to compel one man to work ten hours a day in order to earn the same amount that another man gets for five hours a day's work?

The WITNESS. That is just the case now, and that is what I intend to abolish.

The CHAIRMAN. But you say you intend to allow that.

The WITNESS. Men are working now, without labor-saving machinery, ten hours a day and getting a certain wages; working with labor-saving machinery they should get the same wages for five hours' work.

The CHAIRMAN. What would you do with farm laborers; would you work them only five hours a day?

The WITNESS. No, sir; I am speaking of cases where labor-saving machinery is used.

The CHAIRMAN. But is there no labor-saving machinery used on farms?

The WITNESS. Yes, sir.

The CHAIRMAN. Then when a man working on a farm was running a reaper or a mower, you would let him work five hours a day, but when he was working in the old-fashioned way without labor-saving machinery, should he work ten hours a day?

The WITNESS. Yes; I lay down the principle; it will apply itself.

The CHAIRMAN. But is there anything interfering with its applying itself now? Is there any law which compels a man to work on a farm or in a machine-shop so many hours a day?

The WITNESS. I do not speak of making laws on the subject; I am giving this as one of the causes of the depression of labor and not for the purpose of having legislation in regard to it; that is not the idea. I have mentioned this as one of the causes of depression, and I suggest the remedy.

The CHAIRMAN. But who is to apply the remedy?

The WITNESS. The people themselves.

The CHAIRMAN. By what means do the people in organized communities express their views?

The WITNESS. By meeting together.

The CHAIRMAN. But what is the object of the meeting? Is it not to secure legislation which will carry out their ideas?

The WITNESS. Yes, sir.

The CHAIRMAN. Then if they had arrived at the conclusion that a man ought not to work more than five hours a day, wouldn't you have that provision put in the form of a law?

The WITNESS. I do not know now whether I would.

The CHAIRMAN. If not, why is not the matter all right as much as it is now?

The WITNESS. You might just as well say why do not all the people do right or understand everything one way.

The CHAIRMAN. But you say that this is a remedy for present evils, and I ask you how are remedies to be enforced in organized communities except through the machinery of the legislature and the courts?

The WITNESS. If the people see fit to apply the remedy by legislation, of course they can do so.

The CHAIRMAN. But how can it be applied in any other way?

The WITNESS. The people can apply it for themselves.

The CHAIRMAN. How?

The WITNESS. By just adopting the principle.

The CHAIRMAN. But suppose I have a foundery, and say I won't adopt it, and go on and run my foundery in my own way.

The WITNESS. Then either you or your laborers will have to suffer the consequences.

The CHAIRMAN. What consequences?

The WITNESS. The consequences of keeping up the depression we have now.

The CHAIRMAN. But my laborers who are employed and earning their living will not be suffering.

The WITNESS. No; those that were employed would be satisfied, but others would be dissatisfied.

The CHAIRMAN. But how would those who were dissatisfied secure relief except by legislation?

The WITNESS. Then if the people want legislation on the subject, let them have it.

The CHAIRMAN. Then, after all, your suggestion is, that there shall be legislation to meet this case.

The WITNESS. That is for Congress to determine. I only state the principle.

The CHAIRMAN. But you came here to give us advice, and I ask you whether you would recommend legislation for this purpose.

The WITNESS. I would recommend it myself, but whether my recommendation would meet the views of the people I do not know.

The CHAIRMAN. Have you any other remedy to suggest for the present depressed condition of labor?

The WITNESS. I think we ought to establish a graded income-tax, by which the enormous wealth accumulated by a few individuals like Vanderbilt, Astor, and Stewart should bear more of the burdens of taxation, and relieve the poor people of some of the taxes they have to pay now.

The CHAIRMAN. What limit would you allow?

The WITNESS. I would allow a man to be worth a million dollars, and on all that he is worth over that I would require him to pay a tax in a proportion, so that the benefit of all the money he accumulated from the community over a million dollars should fall back to the community.

The CHAIRMAN. That is, you would not let him have any net profits or anything over a million dollars.

The WITNESS. No, sir.

The CHAIRMAN. Then probably when a man had got his million he would not be very willing to go on working.

The WITNESS. I do not suppose he would, nor do I think he should.

The CHAIRMAN. But suppose him to be a man of extraordinary talent like Edison, who can make inventions that save the community enormous sums, and who gets his one million very quickly, he will then sit down and have a good time with his million and do nothing more for the benefit of the community.

The WITNESS. There is no fear of Edison accumulating many millions. Inventors never do. But take the case of Vanderbilt. If he had been allowed to accumulate only one million dollars he would not have had so many railroads, but somebody else would have them. The fifty or the one hundred million dollars that his estate has invested in railroads would be distributed among a great many other parties; or if it were not invested in railroads it would be in something else.

The CHAIRMAN. Is it a good thing for the community to have capital stay in this country?

The WITNESS. Yes, but not in the hands of a few men.

The CHAIRMAN. Suppose that Mr. Vanderbilt is prohibited from having more than one million dollars here, but that, being a man of energy and capacity, he does go on making money after he gets his one million, what is to prevent his sending his surplus profit to Europe and investing it there?

The WITNESS. There is nothing to prevent him from doing that now.

The CHAIRMAN. No; but he is allowed now to accumulate all that he can in this country, he has no inducement to send his capital out of the country, On your theory, he would not be allowed to accumulate more than one million; and then what would there be to prevent him from sending all beyond that for investment in Europe?

The WITNESS. If he did not accumulate it he could not send it.

The CHAIRMAN. But suppose he has got his million and he finds at the end of the year that he has made $100,000 beyond his million, and a month before the income statement is to be made he goes down to Wall street and buys a draft on the Bank of England for $100,000, have you not driven capital to that amount out of this country?

The WITNESS. O, well, if a man would be dishonest he could evade the law, I suppose.

The CHAIRMAN. I have considered this question a great deal and at one time in my life I was misled a little in regard to it, but I became satisfied that the result of a graded income tax would be to drive capital out of the country.

The WITNESS. Well, I would like to exchange views with you on that subject. It seems to me that it does not necessarily follow that a man will stand idle because he is taxed upon what he earns above one million dollars. He might still go on and accumulate ten millions.

The CHAIRMAN. But he will be much more likely to stop when he has accumulated his million and enjoy it.

The WITNESS. That is true. The trouble is that we have too many rascals that would do so, because they are selfish.

The CHAIRMAN. Did you observe that there was one million dollars in British consuls in the estate of Mr. Astor? Now it would be a great deal better for this community to have this capital here.

The WITNESS. But Mr. Astor sent this capital out of the country without having any graded income tax in this country.

The CHAIRMAN. He did it to guard himself against possible dangers.

The WITNESS. Yes, he was a little overanxious.

The CHAIRMAN. No; he had the good, hard, German sense, and the wisdom of having a little laid by in a safe place.

The WITNESS. Well, you know the argument has been advanced that the uprising of labor has driven capital away.

The CHAIRMAN. I do not say so.

The WITNESS. Well, I say it is a base falsehood.

The CHAIRMAN. You had better wait until the assertion is made. That is not evidence. You have stated that you think a graded income tax would be desirable, and I have pointed out a difficulty in the way. If you have any further points, please state them.

The WITNESS. I have. Why are not savings banks and other savings institutions who receive the deposits of the hard-working people of the country obliged to secure the money deposited with them in the same manner that national banks have to secure their notes?

The CHAIRMAN. Because the general government has no power over the State savings banks.

The WITNESS. Then why does not the general government provide safe places of deposit for the people's money?

The CHAIRMAN. Have you observed that the Secretary of the Treasury has recommended something of that kind in his last report?

The WITNESS. I hope something of that kind will be done. The people have suffered greatly by unsafe institutions of that kind. Men work hard the greater part of their lives and save something, and these savings banks rob them and then the robbers go at large. If the banks were chartered by Congress, they could be compelled to secure the money deposited similar to the national banks securing their notes.

The CHAIRMAN. You would have the savings of the country put into bonds the same as the capital of the national banks is invested?

The WITNESS. No; I simply ask why are not these savings institutions required to secure their deposits?

The CHAIRMAN. But they cannot secure them unless they get the bonds, and they cannot get the bonds unless they buy them, can they?

The WITNESS. No matter how you fix it. I say they should be compelled to secure their deposits.

The CHAIRMAN. "No matter how you fix it"; can you get something for nothing?

The WITNESS. Do not those banks charge for the money they lend?

The CHAIRMAN. Yes; when they lend a man money they charge him interest upon it; but how do they get their government bonds? Don't they buy them?

The WITNESS. Yes; they buy them.

The CHAIRMAN. And you would have the savings banks do the same thing?

The WITNESS. Yes, sir; as long as there are bonds sold; and then, when you stop the sale of bonds, if banks cannot secure the deposits in any other way, let the government do it.

The CHAIRMAN. Then you do not think it wrong to put the savings of the poor into the government bonds?

The WITNESS. Not so long as bonds are sold, anyhow.

The CHAIRMAN. Well, there are two thousand millions of bonds that are going to be sold at some time. You said a little while ago that it would ruin capitalists to put their money in government bonds, but you do not think it is wrong to put the savings of the poor in bonds. Therefore, I understand that you think it is right to do for the poor what it is wrong for the rich to do for themselves?

The WITNESS. I do not say that the deposits of the savings banks ought to be put in government bonds. I simply say that they should be secured in some way.

The CHAIRMAN. But how would you secure them?

The WITNESS. In gold and silver if you like, for all I care.

The CHAIRMAN. Then you would have the savings of the poor used in buying gold and silver?

The WITNESS. I do not say that, either. I simply say that I would have them secured in some way.

The CHAIRMAN. Tell me what way and I will try to ascertain how it will work practically.

The WITNESS. Well, it might be secured in real estate.

The CHAIRMAN. Then you think that the savings of the poor ought to be secured by mortgages upon real estate. Now is it not by making loans upon real estate that savings banks do secure their deposits at present?

The WITNESS. Yes, sir.

The CHAIRMAN. Then how would you make any improvement upon the present system by your suggestion?

The WITNESS. I simply mean that the banks should be required by law to have some visible security—to keep something as an equivalent and security for the money deposited with them.

The CHAIRMAN. But how are they to get that security? By buying it with the money that is deposited with them?

The WITNESS. No, sir; they ought to have some money to start with like any other business man.

The CHAIRMAN. Then you would let an individual put up capital and go into the savings-bank business?

The WITNESS. Yes; I think a man who has not got capital or security has no right to go into that business.

The CHAIRMAN. Then the national banks which have got capital would be very good parties to take up the savings-bank business, would they not?

The WITNESS. Yes, sir; while I think the national banks are all wrong and are ruining the country (I can explain that in connection with the finance question), but in regard to security they are much better than the savings banks. A national-bank note is just as good as a greenback to-day, so far as its value and security is concerned.

The CHAIRMAN. Have you any other points that you wish to present?

The WITNESS. Yes, sir. The government has a Patent Office for the benefit of inventors and manufacturers, and an Agricultural Bureau for farmers, a Medical Bureau for doctors, and libraries for lawyers, a Signal-Service Bureau for merchants, a syndicate for bankers, a Census Bureau for politicians, an Indian Bureau for Indians, and why not a labor bureau for laborers? There should be one in every State as well as in the national government. There should also be a sanitary inspection of all conditions of labor, means of subsistence, dwellings, &c. Laws are passed to protect the manufacturer from the competition of the cheap products of other countries; why are not laws passed also to protect the laborers in their wages? Why are conspiracy laws passed operating against the rights of the workingmen to strike or induce others to strike to protect themselves from the oppression of employers, unless it be to depress labor? Why are unemployed workingmen whom necessity compels to wander as tramps in their search for work imprisoned, and the wealthy tramps wandering about let alone?

The present contract system is not only depressing the laboring men, but is detrimental to the government: depressing the laboring men because the contractor makes what the laborer ought to make; detrimental to the government because it holds out inducements for speculation to middle-men. The government with competent and honest officials certainly ought to be able to buy material not only as cheap as an individual can, but cheaper, being a large consumer. So with freights. A contractor cannot, will not, and ought not, to work for the government for nothing. If, therefore, he can make out of the government he will do so; if not, he will make it out of the laborers he employs, but in most instances he will try to make it out of both. Hence, the accumulation of wealth by middle-men, doing just what we educate, at public expense, engineers, architects, and superintendents for, when the money that these middle-men make ought to go to the men that perform the work. They would spend it in the community, with the tradesmen and business men, causing it to circulate and find its way back to the Treasury; while, on the other hand, under the present system, it is hoarded up by a few men. The system not only enriches the few, but corrupts the government officials legislating upon it and having the same in charge.

These contractors, or their bondsmen, are generally influential men, often ex-members of Congress, or ex-officials, understanding the game thoroughly. A notable case is that of the present Secretary of the Interior. The Forty-fifth Congress, first session, appropriated $100,000 to replace a roof upon the Patent Office, to give, as was said at the time, employment to idle workingmen, directing the Secretary to invite and select the best plan. There being a chance for somebody to speculate, the Secretary did not invite and select the plan as the law directed, but he selected a plan to be proposed to a future Congress, the cost of which is estimated at $970,000. How he knew that Congress, with no additional light upon the subject, would appropriate $970,000 instead of $100,000, is hard to conjecture, except upon the theory that he knew he could find plenty of legislators ready to give a helping hand on a profitable job. Whether Congress will gratify the Secretary is yet to be seen. Certain it is, however, that the workingmen were and are kept out of employment, and suffer in consequence.

The CHAIRMAN. Wouldn't it be better for the workingmen to have $900,000 expended on the work than $100,000?

The WITNESS. It would, if they could get it; but in the mean time they have to wait and suffer. Professional contractors, like other corporations, pool their issues, to elect legislators to legislate in their behalf, and this can only be avoided by abolishing the whole system. The government might buy the material under competitive bids to a certain amount, but the work should be done by day labor. It was on account of the action of the contractors and the officers having the work in charge that last summer the laborers, being offered 65 and 75 cents per day for work, demonstrated under my leadership, in consequence of which the government incurred an expense of not far from $100,000.

The CHAIRMAN. Have you refunded that amount to the government?

The. WITNESS. Not yet, but I will refund it whenever I can. I am trying to refund it now by giving the government good advice.

The CHAIRMAN. Ah, yes; but I wish I could pay my debts with good advice, and a good many other people would be glad to do the same.

The WITNESS. Yes, sir; that is the trouble; there are too many theories advanced, too much written and reported on these subjects, all of which does not buy anything.

The CHAIRMAN. But you think what you have written and read, and reported, is good?

The WITNESS. I do not say that. I submit that for you to decide. That the contract system ought to be abolished is conceded by every officer of the government having the same to execute, and the demand for its abolition comes with thundering tones from every labor organization throughout the land.

Adjourned.

At a later meeting of the committee, Mr. Cohen submitted the following points:

Under the contract system, $300,000 to build a new printing and engraving building were appropriated in June last, the contract was awarded in September, and work begun in October.

Under this system the Commissioners of the District of Columbia received a very large appropriation from Congress in June, awarded contracts from August to November, letting willing hands stand idle, begging for work while the weather was fair, until the cold winter set in and they cannot work.

Under this system bids are put in lower than actual cost with a view of either obtaining material on a credit and not paying for the same, or else defrauding the government by measurement, count, &c., as the case may be, throwing the contracts into the hands of a set of thieves, and barring the honest contractor.

CAPITOL.

How much money was appropriated to be expended by the Architect of the Capitol and give employment to labor I do not know, but I do know that but a very few men were employed during the summer, and a few more since Congress met again, and that only on half-time.

In a report made by this officer for the fiscal year ending June 30, 1878, to the Secretary of the Interior, I find, on page 6, a statement that considerable damage has been done to the bases of the columns by the use of the portico at the District court-house for the use of public meetings. He therefore recommends that the practice of holding public meetings at that building be hereafter forbidden. I was present and presided at the meetings referred to, and know that the statement as to the damage is not true. The United States marshal and officers of the police interposed objections to some of the meetings at the time, never upon that ground. The recommendation to forbid the holding of public meetings at public buildings is entirely in keeping with the corruption and fraud practiced in that office, which I will point out in another connection.

MONUMENT; STATE, WAR, AND NAVY BUILDING.

Two hundred thousand dollars were appropriated—to be expended $50,000 per year—to complete the Washington Monument, under the charge of a board. During the summer months the board had to take their pleasure trips, and the workmen stand idle; now, in the cold weather, the work is rushed forward to be pushed to completion, the execution reflects great credit upon the officers in charge of the same.

Three hundred and twenty-five thousand dollars were appropriated to complete the east wing of the new State, War, and Navy building, of which $177,000 have been expended up to date, giving employment to 520 mechanics and laborers, receiving in wages $1,000 daily. The balance, $148,000, is to be expended and the work kept up right along till its completion in May. Here the music of the busy hammer, pick, and shovel is heard; a thousand applicants for work on file, showing that people will work if they can find it. If all the officers having public expenditures in charge would have done likewise, there would have been no need for suffering in this District, and the government could have saved the trouble and expense of sending last summer to Fort McHenry for troops, employing extra policemen, and additional watchmen to watch the starving people.

DISTRICT OF COLUMBIA.

The District of Columbia has a population of over 160,000. Not being a manufacturing or commercial center, but the seat of the national government, the people are dependent, and, therefore, very much interested in the just dispensation and fair compensation of the government employés. The salaries of all the government employés are fixed by law, except that of the mechanics and laborers. The former are employed by the year, the latter by the day or hour. The former receive a salary from $50 to $2,000 per month, while the latter receive from 75 cents to $3 per day.

The former send their surplus money away from here, while the latter must spend it here.

If the government does not employ the mechanics and laborers of the District it follows that all kinds of business stands paralyzed.

The Commissioners of the District being appointed by the President instead of being elected by the people, are independent of the people, and need only please such influences as are of benefit to them. This is a clear case of revolution, according to the conception of our forefathers, that there should be no taxation without representation. The effects of this injustice will be apparent from the following transaction of said Commissioners: The pay of the officers of the Metropolitan Police was, on account of insufficiency of funds, reduced from $90 to $70 per month. The pay of sergeants, lieutenants, and detectives was reduced, while the highest pay, that of captain and major, remained untouched, and that of the District attorney, fixed by law at $3,000 per year, was increased to $5,000 per year. On page 11, of their last report, I find laborers receiving $35 per month, while in all other departments they are receiving $55 per month. That political influence controls all appointments down to the day-laborer is a well-known fact. The people of the District having no representative in Congress, the Commissioners being independent of the people, they must pay the penalty of a disfranchised people by looking on and see how people from the States come with their political influence and take the bread out of their mouths. This being an injury not only to the workingmen but to the trades and business men of the District, to the tenant as well as to the property-holder, they are clamorous to again have their own municipal government, have drawn a petition, of which the following is a copy, which is now circulated among the citizens for signatures, and in the granting of which I trust they will have your assistance:

A PETITION TO CONGRESS BY THE PEOPLE OF THE DISTRICT OF COLUMBIA.

To the honorable the Senate and House of Representatives of the United States of America in Congress assembled:

The petition of the undersigned, citizens of the United States and residents of the District of Columbia, respectfully represents:

That by the act of June 20, 1874, Congress abolished the system of popular government in this District, after it had been in existence for but two years less than a century.

This act of abolishment was in derogation of common right, in violation of irrepealable law, and in direct tendency and effect subversive of the American system of democratic representative institutions.

It needs no argument to show that citizens of the United States are entitled to self-government, for such is the principle lying at the foundation of constitutional law and social order in every one of the States of our Union.

This right was guaranteed to the inhabitants of this District by the compact between Maryland and the United States which resulted in the cession of this territory.

The act of cession of Maryland provided that the jurisdiction of her laws over the persons and property of the District should not cease until Congress should provide for the government of the District.

Congress did provide in 1801 that the laws of Maryland as they then existed should continue in force, and among those laws was the fundamental precept of the first and second articles of the declaration of rights, "That all government of right originates with the people, is founded in compact only, and instituted solely for the good of the whole; second, that the people of this State ought to have the sole and exclusive right of regulating the internal government and police thereof."

This was a part of the constitution of Maryland, and its adoption by Congress as a law made it a covenant between the United States and the inhabitants of the District, which Congress cannot abrogate, but is bound to fulfill. Congress has no power to abolish the bill of rights.

This guarantee of legal government was well understood by the wise and patriotic men who procured the adoption of the Constitution.

James Madison said, in No. XLII, of the Federalist, upon this subject: "And as it (the District of Columbia) is to be appropriated to this use (that of a seat of government for the Union) with the consent of the State ceding it; as the State will no doubt provide in the compact for the rights and the consent of the citizens inhabiting it; as the inhabitants will find sufficient inducements of interest to become willing parties to the cession; as they will have had their voice in the election of the government which is to have absolute authority over them; as a municipal legislation for local purposes, derived from their own suffrages, will of course be allowed them; and as the authority of the legislature of the State, and of the inhabitants of the ceded part of it, to concur in the cession, will be derived from the whole people of the State, in their adoption of the Constitution, every imaginable objection seems to be obviated."

Following out the terms of the compact of cession, and its covenant with the inhabitants, Congress finding local government existing in the District, in the cities of Alexandria and Georgetown, and the levy courts in the county, maintained these popular institutions, and in one of the earliest acts of authority created the municipal corporation of the city of Washington, which continued in existence for seventy years.

It is not, however, solely in the view of common right and valid compact that the question of local government in this District rises to important considerations. There is much more involved. It concerns the character and reputation of free government at large. With what countenance can the representatives of the American people stand before the world and declare a determination to deprive 160,000 of their fellow-citizens, a population larger than some of the States, of the right and benefit of local government? To continue persistently this wrong and injury would be a standing calumny upon the American system of government, and inflict upon the inhabitants, as it has already done, the evils of an arbitrary exercise of power, where taxation exists without representation, and obedience enforced to rules not sanctioned by popular choice.

We, therefore, respectfully pray you to pass such laws as will organize popular municipal government in this District.

PAY OF WORKINGMEN UNDER THE GOVERNMENT.

The pay of the laborers in the different departments of the government varies from 75 cents to $3 per day, those performing the easiest labor receiving the highest pay, while others doing the same kind of work receive different pay. They dare not complain of this injustice for fear of being discharged. It is also a practice in some of the departments to employ mechanics, paying them laborer's wages, and again paying favorite laborers mechanic's wages. This has been thoroughly investigated by the Trades Union Assembly, and made a report to that effect. A man with name of Charles Sherer was employed by Architect Clark as a carpenter; he was ordered to bring his own carpenter's tools, which he did; he performed carpenter's work, but was paid laborer's wages, $1.25 per day. He came to me complaining; I went to see the architect about it; he sent me with a note to Captain Brown; Captain Brown sent me to Colonel Clark; that is the way responsibilities are shifted about; it was not corrected, and the man quit work. This is the way this officer economizes.

Mechanics receive different pay for the same kind of work at the different departments of the government. This is owing to the manner in which the appointing officers ascertain the ruling rates. Inasmuch as the wages of the President, members of the Cabinet, members of Congress, clerks, watchmen, and laborers on the regular roll are fixed by law, I see no earthly reason why the wages of the mechanics and laborers that do the hard work should not be the same. The government has no business to speculate upon the labor of its own subjects.

PAY OF WORKINGMEN.

In paying the ascertained wages as paid by individuals in depressing times as of late years, the government, instead of helping to build up wages, helps to depress the same, robbing Peter in order to pay Paul.

It may be argued with some force that supply and demand regulate the prices of labor between individuals, but the demand and supply of labor for the government being regulated by law, it follows that the pay should also be regulated by law, which I trust will be done, making the pay of a day-laborer, in view of the fact that they are in very bad circumstances, with no constant employment in view, not less than $1.50 per day for unskilled labor, and the pay of the mechanic the now highest price paid by the government.

The pay of all officers in the departments at this city not exceeding $1,800 per year are to be increased 25 per cent.; it is false economy to reduce the salaries below living rates. If the office is not needed, let the office be abolished. Competency and honesty cannot and are not to be rewarded less by the government than by individuals, which is the case now.

UNION SOLDIERS.

The law providing that Union soldiers (being qualified) shall be preferred in the civil service is printed on cards and conspicuously hung out in some of the departments, but just as conspicuously violated, I suppose because there is no penalty provided for any violation of the same. Many cases have come under my personal observation were honorably-discharged Union soldiers, qualified and well recommended, applying for watchmen or messenger positions, were put off under the plea that there is no vacancy, when the places they are entitled to under said law were and are now filled by young men from 14 to 20 years of age and others that never saw a battle, throughout every department of the government, while Union soldiers can be found by the hundreds wandering the streets of Washington in despair. Their only fault in not filling the positions they are entitled to is that they are perhaps not good enough politicians to command political influence, or they are perhaps so unfortunate as to be citizens of this District, or for not having influential friends or relatives. The positions of watchmen and messengers are filled in an undue proportion by colored men, servants of those that secure the same for them, not Union soldiers. The duties are such as just fit the Union soldier. This practice, if not corrected, will have its effect upon those that might be called upon to defend this government again, to say nothing of the flagrant violation of an existing law.

WOMEN.

The employment of women in the different departments to the extent of late years has grown to be an evil. It originated and was intended, as I understand, for the purpose of providing for the widows and orphans of Union soldiers, but, unlike the Union soldiers living, they cannot get places, while ladies of influence can. In some instances they are better qualified than men to perform particular work, but generally they do what men are to do in order to support a family. If men are intended to support women, then the opportunity ought to be given them; otherwise, women are to support men. The discrimination in the pay of women is sufficient to show upon what principle they are employed. Women employed for the sake of charity receive a charitable pay, from $15 to $30 per month, while ladies of influence, doing the same or less work, receive from $75 to $100 per month. A correction would not only benefit men having families to support, which the most of the women employed in the departments have not, but would have a very purifying effect upon the departments.

CIVIL-SERVICE REFORM.

It is remarkable, and can only be appreciated when examined, the amount of political influence it requires for a person to even obtain a laborer's place under the government under the present civil-service reform. It would seem to an impartial observer that labor ought to be allowed to speak for itself, but it does not under the reform we are having now. The President and the champion civil-service reformer did declare their intention that their appointments should not be influenced by political influence, but, alas, saying is one thing and doing is another. It never has been done; but this may be owing to circumstances over which they had no control. The intention was, no doubt, very ingenious, namely, to transfer the patronage from Senators and Members of Congress to the appointing officers, in the interest of the party they represent. How this would improve the civil service I fail to see. Why Congress does not pass a law that the patronage of the government shall be distributed among the several States on a proper *pro rata* basis, and provide for a heavy penalty in case of violation, is a matter that comes home to the constituency of the most of the members.

To see a watchman or messenger examined under the civil-service humbug—not as to the duties he is to perform, namely, to clean a spittoon, carry a piece of paper across the floor, watching the door, and admitting visitors, but how high is the sun and how low the moon—is perfectly amusing, but serves the purpose of rejecting, under some pretense, those not wanted, by classing them incompetent, and those wanted competent. Irrelevant questions submitted to clerks I guarantee the heads of the departments themselves could not answer in the manner required of applicants.

LEGISLATION.

Legislation has been very bad, because the bankrupt law contained some bad provisions, namely, that the expenses attending a bankrupt absorb the best part of the assets. Congress, instead of remedying the objectionable feature and substituting a remedy, abolished a law that is now in force in every civilized country, and drives the largest class, the debtor, either to dishonesty or else at the mercy of the smallest class, the creditor.

By demonetizing the trade-dollar, whereby a dollar containing 420 grains was reduced in value below a standard dollar of the same quality containing but 412½ grains.

By appointing a committee, at a heavy expense to the people, to investigate frauds in obtaining the Presidential chair, and declaring, before a report is made, the seat inviolate.

By paying in the aggregate more salaries to the officers of the government than to the rank and file.

MONEY.

It is said that the tampering by Congress with the currency affects trade so that the people lose confidence to invest. So it does; but the tampering with paper money destroys confidence as much as the tampering with coin money.

It is said that money should be of stability. So it should, whether it be gold, silver, brass, leather, or paper.

It is said that one dollar now will buy what three dollars did directly after the war. So it does; but a poor person could sooner get hold of six dollars than of one now. It is not because the money is any better now, but because then there was plenty of money in circulation, within the reach of everybody willing and able to earn it, while now it is locked up in vaults, or in stocks and bonds not taxed, and so little of it in circulation, that the people could not buy what they wanted if an article that sold then for one dollar was to sell now for ten cents.

REMEDIES.

If the resumption of specie payments, close at hand, should bring to the country the prosperity predicted in the late Presidential message, then your committee will no doubt feel greatly relieved. If it should not, but to all appearances increase the miseries now suffered by the people, then I suggest that first such financial measures be enacted as are proposed by the Greenback party. Let the hours of labor be reduced so as to correspond with the increase of labor-saving machinery, and the pay be increased so as to stimulate consumption equal to production. Abolish the prison manufacturing system. Abolish the contract system. Stop any more immigration of Chinese. Let the government assume the control over all railroad, canal, and telegraph lines. Establish public depositories. Establish a graded income tax. Establish a labor bureau. Protect the manufacturer in his products and the laborer in his wages. Stop your sinking fund to pay the public debt for a while, while men, women, and children are sinking at the same time. Abolish all unnecessary, ornamental offices. Provide for sufficient penalties for violations by public officers. Revise the civil service. Encourage actual settlers upon public lands. If the government has a right to grant lands and loan money to corporations, it has to do so to settlers.

But if our best lands have already been taken up by corporations and what is left not fit to cultivate, then acquire more territory like other nations do. The acquisition of California settled a large number of people and brought wealth to the nation.

Make liberal appropriations for public buildings and improvements to employ a large number of now idle workmen profitable to the government, saving millions of dollars for rent now paid by the govern nent.

Establish workingmen's wages by law.

Establish a municipal government for the District of Columbia, and call upon the officers having public expenditures in charge to inform Congress and the people why nearly four millions of dollars appropriated by the Forty-fifth Congress, first session, in June last, have not been expended during the past summer months to set the then idle and suffering people to work, and what has become of the money

That in times of general distress like the present, it behooves the representatives of the people to devise ways and means by which to ameliorate the same there can be no doubt, and that it must be done by the government taking the initiative steps of reviving the business and stimulating the enterprises of the country all agree. That this can be brought about in a way I have pointed out I feel confident, and let the people be the judges. The trouble is with Congress in not truly representing the people; they can always find a way where there is a will. A great deal has been said and written about the dear people, the bone and sinew of the country, which will neither buy a loaf of bread nor a pair of shoes. An ounce of go ahead will be more welcomed than a pound of promises. Theories hereafter to be realized, and speculations depending upon con

tingencies, will not do at this time; we must have help or else the people will help themselves. It has been said in Congress that the government cannot take care of every pauper. It seems that the government can make paupers. If a government cannot take care of its paupers and fails to be a benefit to the majority of the people, then there is no use in having one. If the government cannot devise ways and means for the benefit of the people, then there is no use in having one. If the people are willing to work when they can get it and produce, is it not better and cheaper for the government, the factor of the people, to asssist in providing employment than to have idle men, paupers, and tramps who, from necessity, are compelled to beg, steal, or rob, and be supported at the public expense in jails and penitentiaries?

The workingmen are told to assert their rights through the ballot-box. How, if they vote for a certain man and he is counted out? How, if they vote for a man they believe to be honest and he proves dishonest? How, if they are threatened to be discharged if they vote for a man of their choice?

If Congress will remedy existing evils by proper legislation peace and happiness will reign in our land and the laws will be obeyed. If it is not done by legislation Congress are to know what must follow. The workingmen are associating themselves throughout the land for self-protection in a manner and numbers that if the ball is once set rolling it will be too late to regret the consequences, whatever they may be. Representatives elected are the representatives of the people, no matter to what political party they may belong. The people are getting sick of the words Republican and Democrat; they want bread, and if the day of reckoning comes, those that have refused to do their duty will surely be held responsible.

I trust that your committee will recommend to Congress some measure that will bring relief to the suffering people, no matter how it is done.

VIEWS OF MR. EDWARD ATKINSON.

WASHINGTON, D. C., *December* 12, 1878.

Mr. EDWARD ATKINSON came before the committee in response to its invitation. He stated, in reply to the chairman, that he resided in Brookline, Mass.; that he is engaged in insurance business at present; and that for twenty-five years previously he had been engaged in the manufacture of cotton goods.

The CHAIRMAN. The duty of the committee is to inquire into the present condition of business in this country; to ascertain, if possible, the causes of the depression in business; and to suggest remedies which it may be possible either for individuals or for Congress to adopt in order to remove the evils. The committee would prefer that you should take your own method of dealing with the subject. You have had a copy of the resolution under which the committee is acting, and undoubtedly you have formed in your own mind some mode of procedure, which we prefer to have you take.

Mr. ATKINSON. In regard to the specific question as to the ratio of wages at the present time to past periods, I have been for a year out of the direct management of affairs, and have not been taking cognizance of wages; and, therefore, am not up to the times on that subject. It is also to be considered that as Mr. Carroll D. Wright has been officially compiling facts on that point in Massachusetts, it is not worth while for any private person to meddle with it.

The CHAIRMAN. Mr. Wright has undertaken to furnish tables on that subject to the committee.

Mr. ATKINSON. I have, therefore, the general statement to make of my impression that, at the present moment, it is not a question of the adequacy of wages, or rather of the adequacy of earnings (for I think that there is a very broad distinction between wages and earnings, most of the work being now done by the piece and not by the day). The adequacy of earnings to pay for a good subsistence for those who succeed in getting regular employment is greater to-day than it has been within my memory: but the adequate employment of all who desire it is not yet quite compassed, although there is a great change for the better, I think, in that respect. A very little start in constructive enterprise, having reference to future needs rather than the hand-to-mouth policy which has affected the community for the last three or four years, would set every wheel in motion, and give employment to the whole people.

The CHAIRMAN. You look upon this difficulty of getting employment as temporary?

Mr. ATKINSON. I do.

The CHAIRMAN. About what time did this surplus of labor appear?

Mr. ATKINSON. Unquestionably with the railroad crisis of 1873. My view would be that the united effect of war, inflation of the currency, and tariff duties (imposed without much regard to consistency, but only with a view of taxing the largest num-

ber of articles and getting the greatest revenue that could be had for the necessary purposes of war) caused a false distribution—an entirely abnormal distribution—of the labor of the country through the period of the war. It is also to be observed that at the beginning of the war the railway service came to its point of concentration and became a unit by the building in of the gaps which had existed previously, and that the excessive demand of war concentrated population in an entirely abnormal way. The burdens of war would have been felt vastly more except for the excessive stimulus given to invention in respect to agriculture. For it is to be noted that all through the period of the war, although a million of men were withdrawn from the fields and the factories, no great crop seriously decreased in the north. The effect of invention was such that the few who remained at home could make ample crops; could also manufacture an ample quantity of goods, with the single exception of cotton goods, and could provide for all the needs both of those who remained at home and of the excessive destructive demand of war.

The CHAIRMAN. Do you think that that was due solely to invention, or was it not rather due to the increased labor of women and children who ordinarily would not have exerted themselves so much in the rural districts, and who took the place of the men who had gone into the Army?

Mr. ATKINSON. I should say that invention was a very large factor even in that. Except for the invention of the plow, which could be ridden instead of being driven by hand, women could not have done the work. Except for the reaper, the mower, and the thrasher, the harvest would have failed. Undoubtedly the labor which staid at home was, under the excitement of the times, worked more effectively, and the women's labor supplanted that of the men in many occupations to a greater extent than ever before. All these facts would have culminated at the end of the war in a disastrous decline of prices, and in enforced idleness on the part of the returned soldiers, if it had not been for the era of railway construction and of municipal indebtedness and extravagance, by which the effect of the cessation of the war was deferred for five or eight years.

The CHAIRMAN. You mean municipal indebtedness caused by the expenses of the war?

Mr. ATKINSON. Caused by the vast expenditures for the construction of public buildings and works. In 1873 there finally culminated the effects of war, of inflation, of many inventions, of municipal indebtedness and of railway extravagance; and when that happened it appeared that the population was wrongly placed; when the redistribution became necessary it appeared that fewer persons could supply the community with the goods and wares that were required than had been the case at the beginning. Therefore the redistribution which became necessary was not only that of distribution from the factory to the mine and from the workshop to the field, but the building up of new communities, of new industrial centers, to consume the products of the new fields—actually a new settlement of the whole body of society, such as has taken place, to a great extent, in the Southwest, in Kansas, in Texas, and in the extreme Northwest. The adjustment of the population to absolutely new conditions, which would have gone on under a normal condition of peace in a slow and imperceptible way, was all forced into three or four years.

The CHAIRMAN. I do not understand clearly how the war entered into the question. The war ceased in 1865, and the panic occurred in 1873. In the interval the men who had been released from the Army were all absorbed into the community, and were engaged in a variety of occupations. Therefore we may suppose that we had got beyond any difficulty arising out of the distribution of the million of men who had been in the Army. They were distributed. And, so far as the war expenditures were concerned, I do not see how they contributed to produce the era of inflation which followed. I should like you to develop that idea a little more clearly.

Mr. ATKINSON. There having been a million of men engaged in the conduct of the war—toward the end of it—suppose that they came back to the ordinary walks of peace, and that there had been no extraordinary work undertaken, they would then and there have had to redistribute themselves; but, according to computations which I have made, there were absorbed at the highest period of railway construction three hundred thousand men engaged in building new railroads in this country.

The CHAIRMAN. Suppose that there had been no war, and that the railroad speculation had occurred, would not the same results have happened? There would have been three hundred thousand men engaged in building railroads, and when the railroads were finished these men would have been thrown upon the community to be absorbed, just exactly as they were in the case that you speak of. In other words, would the war make any difference as to the number of men employed in railway construction? Would not the difficulty of absorbing them, when the railway speculation collapsed, be just the same?

Mr. ATKINSON. That is a very far-reaching question. I hold that there could have been no such extravagance in the matter of railroad construction, or in municipal work, if it had not been for the excitement and stimulus of the war, and for the habit

which it gave to men's minds of dealing with great sums without fear or trembling, and without being appalled by large debts.

The CHAIRMAN. Do you think that railway speculation, after the close of the war, was attributable to the war?

Mr. ATKINSON. I think that such an extension of railways as took place in this country was in some degree owing to the war, but more directly to the inflation of the currency.

The CHAIRMAN. I think that if you will compare the percentage of railway construction in Great Britain at the time when Hudson was king, you will find that the proportional addition to the railway mileage was quite as great there as it has been with us; and I think that on previous occasions (preceding 1857) there was as great an increased proportion of railroad mileage in this country as there was in the era between 1868 and 1872.

Mr. ATKINSON. But the percentage was upon a very much smaller basis.

The CHAIRMAN. Yes; but the question of percentages always has relation to the existing condition of society. In other words, the period between 1868 and 1872 was not the first era of railway speculation; and the previous ones occurred without reference to wars.

Mr. ATKINSON. I can agree with you that railroad speculation would have had, to a great extent, the same effect; but, coming as it did on the top of the war demand, and coupled as it was with the continuous inflation of the currency, I think that it had a very much more aggravated effect than it would have had under other conditions.

The CHAIRMAN. I understood you to say that the war stimulated products enormously in the North. Then when the war ceased there would have been no adequate market for those products; but then there came in an era of railroad speculation which merely postponed the collapse.

Mr. ATKINSON. That is my theory. It postponed the collapse which would otherwise have followed the end of the war, and which we all predicted as likely to follow the end of the war, the deferring of which made us doubt the logic of events; but it did come, nevertheless, at a later period. Now, I think that this redistribution of population has practically accomplished itself, and that, with confidence and a stable currency, there will very soon cease to be any excess of labor found in any particular place in this country which will not very easily distribute itself without any artificial stimulus.

The CHAIRMAN. Have you considered the question as to whether the difficulty of distributing population in this country is greater or less than it is in European countries?

Mr. ATKINSON. It is unquestionably vastly less. I wrote last week to one of my English correspondents, telling him that he could not imagine the fluid nature of the population in the United States, or the facility with which it changed itself from one place to another without artificial help.

The CHAIRMAN. Do you think that it is much easier in this country, after you have concentrated a large amount of population in constructive works, to deal with the problem of redistributing that population than it is in European countries?

Mr. ATKINSON. I judge so, as far as I can understand the cause. I have had no practical experience in those countries; but, from my study of the subject, I should say that it was vastly easier for us to dispose of any such concentration of labor.

The CHAIRMAN. Do you think that, in foreign countries, it is as easy as it is in this country to concentrate population in an unnatural way? In other words, do you think it possible to produce such an abnormal concentration in England as in this country?

Mr. ATKINSON. I think it has been proved in the recent concentrations in Lancashire, especially in the town of Oldham, where, in a few years, under what is called the co-operative plan of building factories (a name which merely indicates corporations of an ordinary sort with small shares), there have been concentrated 8,000,000 of cotton spindles, eight-tenths as many as we have in the whole United States. These factories were built on a more speculative basis than anything I know of in the United States. Half of the money was borrowed, and the money that was actually paid in on the stock was paid on partly in shares. The culmination appears, however, to have come. Nearly all of these factories are coming to grief at the present moment.

The CHAIRMAN. And you hold that the surplus population which must be disposed of there will find it more difficult to be absorbed than would be the case in this country?

Mr. ATKINSON. Vastly more difficult.

The CHAIRMAN. What is the reason for that? What is our advantage over them?

Mr. ATKINSON. The enormous area of unoccupied soil in many parts of this country, against which they have the only remedy of emigration. They cannot feed themselves from their own soil. They have to buy half the food which they consume; and there is no new occupation for the unemployed to take up. And, moreover, they are a class of people who are less versatile, and less able to change their position than any people

that we have in this country that I know anything about. A large portion of them would be entirely helpless on the land.

Mr. THOMPSON. You speak of the want of versatility on the part of the laboring class of Europe to redistribute themselves as compared with a like class of persons in this country suffering from like causes. State whether a very large proportion of those who are now suffering in this country are not made up from the same class—are not men who have sought to better their condition by coming to this country, and who, in your judgment, lack that versatility which you speak of.

Mr. ATKINSON. Yes, sir; I think they are mostly foreign born, or persons of foreign extraction.

Mr. THOMPSON. Then how do you mean that the unemployed in England, as compared with the same class here, lack versatility and adaptation?

Mr. ATKINSON. When hard times affect a given community in this country a large proportion of that community consists of persons who are sufficiently intelligent and versatile to take themselves away to other regions, and leave room for the grade below to come up and fill their places. That is what has happened in Massachusetts to a great degree. A great many of the most intelligent of the working people, and mechanics, and of the manufacturing population of Massachusetts have moved away (more than I wish had done so); and in that way we shall train up from a lower grade people to fill their places. Americans have gone; Irish and French Canadians have come in.

The CHAIRMAN. Where have the people who have moved away gone to, as a rule; have they gone out West to the land?

Mr. ATKINSON. A vast number of the mechanics and artisans of Massachusetts have, I think, gone West to the land.

Mr. RICE. What caused the excessive concentration of population in Oldham, Lancashire?

Mr. ATKINSON. The great inflation of prices which followed the war here, and the wars in Europe, and the excessive demand for goods.

Mr. RICE. Then the same causes that were at work here were also operative there?

Mr. ATKINSON. Yes; it seems to me that similar causes have been at work the world over.

Mr. RICE. There was no war in England.

Mr. ATKINSON. No; but there were wars in other countries which threw a great demand for goods on England.

Mr. RICE. The spirit of invention which was here was also there?

Mr. ATKINSON. Yes; and I hold that, whenever one nation has had an inconvertible currency, a nation which adheres to the gold standard for a long period gets the advantage.

Mr. RICE. It does not seem to have been a great advantage to England.

The CHAIRMAN. You say that the industry there has collapsed?

Mr. RICE. They are in a worse condition even than the operatives at Fall River.

Mr. ATKINSON. But they got a great advantage for the time being. Of course, if people do not look out and take cognizance of the temporary character of the demand in other countries, and if they do not anticipate the return of other nations to a stable currency, then they will come into as bad condition, when trading on a specie basis, as if they were trading on a paper basis.

The CHAIRMAN. You say that there has been a great concentration, and, of course, a great development of manufacturing industry in Oldham, Lancashire; that it is beyond the capacity of the world at present to absorb the products of industry, and that a collapse has taken place. I suppose that, before they utterly break down, they run their works as long as they can, and reduce the prices and wages so as to try to keep the market?

Mr. ATKINSON. Yes.

The CHAIRMAN. Of course the effect of that is to react on this country and make us also put down prices and wages. And, of course, we are subject to the consequences of the error, which these people made in putting such a large amount of capital into business, and in diverting such a number of laborers to Lancashire. We suffer by that.

Mr. ATKINSON. To a certain extent.

The CHAIRMAN. Is there any method by which any nation can protect itself from the consequences of the errors of other nations? Is there any remedy that we can apply that will protect us from the evil consequences of the error of judgment of these people in England?

Mr. ATKINSON. I do not know of any method of legislation that could possibly be adopted to have that effect.

The CHAIRMAN. You think that there is no way in which we can fence out the evil, can quarantine it, for instance?

Mr. ATKINSON. I do not see any possibility of it. Take the cotton industry (with which I am most familiar). There was a long period of extreme prosperity in that

industry in England, and a long period of fluctuating prosperity in this country ensuing after the war; and, during that period, neither in England nor in this country was much attention given to economy, or to the question of wages, or to the improvement of machinery. There was no time to stop to attend to the small economies. The hard times come on, and at once every one is thrown back upon the necessity of economy, of saving, of making profits by savings rather than in any other way, and in the last five years there have been greater improvements made in the processes of manufacture than were made for fifteen years before. All the inchoate inventions, so to speak, of fifteen years previously have been taken up and concentrated into five years; and I should say that in a cotton mill to-day seventy-five hands can do the work which it took one hundred hands to do before the war. The reduction of cost by this means is very large, and at the same time it is coupled with higher earnings to those who continue to be employed.

The CHAIRMAN. Do you think that there is a market for the employment of so many workmen?

Mr. ATKINSON. I think that the market has managed to absorb the products of as many workmen, but not to increase the number materially.

Mr. RICE. While people in England are working at the low prices to which you have referred (caused by excessive production), and while they are seeking to find a market for their low-priced productions here, cannot our laborers be protected against those low prices while England is running herself out, or running herself clear? Can we not in that way be enabled to avoid, to some extent, the evil results that have been caused there?

Mr. ATKINSON. So far as the great mass of staple cotton goods is concerned, I do not think that any artificial method of exclusion would have much effect one way or the other.

Mr. RICE. Are there any English cotton goods sold in our market now?

Mr. ATKINSON. In order to consider that question, you must discuss what are cotton goods. The great mass of the cotton goods—nine-tenths of the cotton manufactures—consist of staple articles for the use of the million, and one-tenth consists of a nicer article depending upon its style, its weave, its color, or on how it is woven. We shall continue to import the fine laces, lawns and organdie, and fine muslins, and extremely fine threads from France, Switzerland, and England; but we shall not import sheetings or drills, or the common wear of every day people, under any circumstances. If you take the common sheetings and common drillings that are now exported from this country to China, South America, and other countries, you will find that the labor cost—the mill cost—of the fabric is only a cent a yard, or even less. Now you have brought, by the application of machinery (coupled with adequate wages, in comparison with any previous period, and coupled with wages, to those who are at work, of greater purchasing power than they ever received before; and coupled also with shorter hours of labor than existed before), the labor cost down to a cent a yard, or less—down to such a minimum that no difference that can exist between this country and Great Britain on that article can make any change in the traffic.

Mr. RICE. Is the labor cost less here, or less in England?

Mr. ATKINSON. I am not speaking now of where it is the least; but I say that it is down to so low a point here that, even if the labor cost could be reduced in England twenty-five per cent. less, to three-fourths of a cent a yard, it would not make any difference. Our fabrics supply the home trade, would still go to China in exchange for tea, and to South America in exchange for hides, because it is better for our merchants here to have a direct traffic with those countries, and even to pay a quarter of a cent a yard more for their cotton cloths than to undertake to do business through London where they would have to pay exchange.

The CHAIRMAN. We cannot avoid paying the exchange in London for hides.

Mr. ATKINSON. I do not know so much about hides; I suspect that depends more on navigation acts; but I am speaking of the trade with China for tea.

The CHAIRMAN. I do not know about the China trade, but I do know about the other.

Mr. ATKINSON. The American tea merchant to-day buys American drills and sends them to China, not as an undertaking out of which to make profits, but as an exchange for tea, and we have already evened our traffic in China, exporting to China as much as we import.

The CHAIRMAN. I was not aware of that.

Mr. THOMPSON. You started by saying that the war developed activity in inventions and in the production of labor-saving machinery, and that that, to a certain extent, compensated for the draught made upon the labor itself; in other words, that the great demand for products stimulated the productive energies of the people. Now you say that the depression in business has stimulated the improvement of machinery within the last five years more than in the fifteen years previously. How do you reconcile the two statements, that prostration has stimulated improvement in machinery to that

extent, and that the war and the unnatural demand also stimulated improvements in machinery?

Mr. ATKINSON. The war demand stimulated agricultural machinery and the making of the things which constituted the rude and comparatively coarse work of war. That has gone by. While that was going on, all the nicer improvements, in regard to the nicer demands of peace, were neglected, and there was very little improvement or change in that respect. Now the war demand of beef, corn, pork, guns, and coarse fabrics having gone by, all the work is going into the nicer demand, and into an improvement of the more delicate manipulations which constitute the demand of peace.

Mr. RICE. Why may we not raise up the highest present grade of our laborers into that still higher grade of manufacturing those finer goods which you say we must always import? Could we not, by doing that now, by protecting our entire laboring population from the influx of foreign products, bring about the time when we shall not import even those nicer fabrics?

Mr. ATKINSON. I did not mean in this discussion to consider the question of protection or free trade, as I do not consider it to be the one now at issue.

Mr. RICE. We have so considered it. The question is a very grave one. You stated in the commencement of your remarks that the tariff put upon foreign imports (to be sure, you qualified it by saying what we shall all agree to, that it was not a well-adjusted tariff) had done something towards bringing about the present depression in industry.

Mr. ATKINSON. I meant by that the extremely bad adjustment of the tariff adopted at that time. I am not considering the tariff question as a whole.

The CHAIRMAN. But you have also stated another fact—that at Oldham, in Lancashire, there has been an enormous development of cotton production, an abnormal and unnatural one; that capital had been invested there under the co-operative system, so that there has been a great surplus of production there, and consequently a fall in prices; a collapse which has reduced the prices of cotton goods unnaturally. Assuming that we were going on normally here (only supplying the normal demand of the country) with machinery quite as good as any machinery that they had in England, and therefore with no misdirection of labor, and suddenly this collapse (which is due to their error in judgment and to their bad policy) takes place, is there no method by which we can protect our own people from the consequences of such bad judgment and policy on the part of the people on the other side? That is the question.

Mr. ATKINSON. I do not think that we can protect ourselves from that, because that competition meets us in neutral markets, not in our own market.

The CHAIRMAN. But our own market is the great market for those goods.

Mr. ATKINSON. Yes; but I do not think that the particular fabrics which are in excess in Lancashire can be unloaded here under any circumstances. But they are unloaded in India, China, and South America, and are sold at a loss, thereby preventing the extension of our own commerce.

The CHAIRMAN. Suppose that we had free trade in cotton goods, would not this excess of production be unloaded here?

Mr. ATKINSON. I do not think that they make to any great extent the kind of fabrics which our market consumes. They are making the coarse and medium fabrics, not the extremely fine fabrics.

The CHAIRMAN. But we are using a large quantity of coarse and medium fabrics.

Mr. ATKINSON. Our coarse and medium fabric is very different from the English coarse and medium fabric. When the tariff was lowered in 1846 there was in 1847 a very large importation of British cottons of that sort, and there was a good profit made upon them. The next year there was a larger importation, and they could not give their goods away.

The CHAIRMAN. Is there anything to prevent them manufacturing the same kind of cotton goods as we manufacture?

Mr. ATKINSON. There is nothing to prevent them; but the cost of carrying the cotton to that side and bringing the goods back would burden the goods with such expenses that they would lose heavily by the experiment.

The CHAIRMAN. You have estimated, of course, how much the freight is on a yard of cotton goods. How much would the freight both ways be?

Mr. ATKINSON. In the importation of goods from Great Britain the necessary charges that cannot be avoided amount to about 5 per cent.

The CHAIRMAN. If the competition were to take place, the English would have to pay freight on the raw cotton and on the cotton goods back?

Mr. ATKINSON. I have collated the figures in regard to cotton, extending over a long period, and I find that the cotton-spinner of New England has the advantage of at least half a cent a pound over the cotton-spinner of Lancashire, which advantage cannot be wiped out.

The CHAIRMAN. You mean on the raw cotton?

Mr. ATKINSON. On the raw cotton; and if it is half a cent per pound on the raw cotton, it must be half a cent a pound on the goods sent back. In a mill constructed

to-day for making a coarse fabric of cotton in this country a cent a pound would allow the payment of 6 per cent. on the capital invested.

The CHAIRMAN. And you think, therefore, there is no longer any necessity for any duties at all on cotton goods?

Mr. ATKINSON. I am speaking now of those coarse fabrics. I do not advocate the entire removal of duties on cotton goods. The kind of cotton goods that are imported here are a perfectly fit subject for a revenue tariff, and the imposition of a revenue tariff on goods does no harm, even from a free-trade standpoint, because it makes no difference whether it is imposed or not.

The CHAIRMAN. In a time of great depression in business, when the English manufacturers want to get rid of their surplus, might not a tariff under such circumstances (for the producer would then have to pay it, not the consumer) be a protection to us?

Mr. ATKINSON. A moderate revenue tariff would be undoubtedly a certain protection against that abnormal condition of affairs.

The CHAIRMAN. Do you think it legitimate legislation for one nation to make provision against such cases of glut?

Mr. ATKINSON. Not unless there was another reason for it. In other words, if you did not need the revenue, you would not need a rev e tariff; but, needing the revenue, and considering the revenue standard point of view in imposing your duty, you compass the other object at the same time.

Mr. THOMPSON. Would you not, for the purpose of encouraging infant manufactures in a new country, make a partly prohibitory tariff for the time being, without regard to revenue; or would you permit infant manufactures to be broken down by competition with established manufactures abroad?

Mr. ATKINSON. I would not, from my study of history, impose a protective tariff where one had not existed. I would let the infant grow up on its own legs and become strong.

Mr. THOMPSON. Has any manufacture in this country grown up on a free basis in competition with foreign manufactures?

Mr. ATKINSON. Unquestionably.

Mr. THOMPSON. What one?

Mr. ATKINSON. The iron manufactnre in this country began when we were colonies, and, under the repressive acts of Great Britain, grew to so large an extent that it had to be put down by absolute law; and yet it could not be put down.

The CHAIRMAN. I do not understand that to be history.

Mr. THOMPSON. Do you mean to say that the iron business in this country grew up, and not only in the absence of protection, but in the face of repressive measures on the part or Great Britain?

Mr. ATKINSON. I so understand it as a matter of history.

The CHAIRMAN. At the time you speak of (the colonial history), the only kind of iron manufactured was charcoal iron. At that time pig-iron was made with charcoal, none with mineral coal. England was short of forests, and tried to encourage the manufacture of iron in this country so as to be able to procure it from her colonies rather than from foreign nations. Charcoal furnaces thus grew up in Massachusetts, Pennsylvania, New York, and Virginia, and pig-iron was exported in considerable quantity (comparatively) from this country to the other side, although the largest record of its exportation that I can discover, was 7,000 tons in one year. The result was that the American manufacturers undertook to use the pig-iron themselves and convert it into finer forms. They were allowed for a long time to convert it into bar-iron, and considerable quantities of bar-iron were sent to the other side; but they were not allowed to manufacture it into nails and other articles. That was prohibited by the famous act to which you have referred, just before the revolutionary war, and was undoubtedly designed to preserve the colonial market to Great Britain. There never was any repression on the part of Great Britain; but, on the contrary, there was every encouragement to the production of iron in this country, and yet the business was so small that when the Revolution broke out there was considerable difficulty in supplying the American army with the necessary iron.

Mr. ATKINSON. So I believe there was, at the beginning of the war of the rebellion, considerable difficulty in this country, notwithstanding the extension of the iron industry, in procuring the exact kinds of iron needed.

The CHAIRMAN. Yes. For one year there was a deficiency in the iron needed for gun-barrels, because, while we made it in this country, we were not making it on a sufficiently large scale. But there was no iron business worth talking about in this country at the time of the revolutionary war. The iron business first obtained considerable development in the war of 1812. That did give a great deal of encouragement to the iron industry; and from that time on (rising more or less irregularly) there has been a steady growth in the business.

Mr. THOMPSON. Is there any other branch of manufactures that you can instance to have grown up without protection in this country?

Mr. ATKINSON. All our grandfathers and grandmothers were clothed with homespun woolen goods, made in their own houses, on single spindles and hand-looms.

Mr. ATKINSON. You do not certainly intend to give that as an example of manufactures.

Mr. ATKINSON. I call that an infant manufacture.

Mr. THOMPSON. A rude manufacture.

Mr. ATKINSON. An infant manufacture.

Mr. THOMPSON. You might as well instance the case of a dug-out as compared with a steamboat. That interest did not need protection, because it had no competition.

Mr. ATKINSON. But from each of these small beginnings comes, by evolution, the great undertaking.

Mr. THOMPSON. Is there a single staple manufacture in this country which is a success to-day, and which has been and is now manufactured in older countries, that has grown up without protection in this country? Is there a single case of the kind—I mean partial protection—at least friendly legislation? I do not know of any.

Mr. ATKINSON. You are speaking now as we customarily speak of manufactures, as if cotton, wool, iron, and steel constituted *the* manufactures of the country. They constitute an exceedingly small part of the manufactures of this country.

Mr. THOMPSON. Have not all these been encouraged by friendly legislation in the line of protection.

Mr. ATKINSON. It has been undoubtedly attempted so to encourage them.

Mr. THOMPSON. Is there any other manufacture that has made any considerable progress in this country that has not in like manner been partially protected?

Mr. ATKINSON. I was about to say that these three branches—cotton, wool, and iron—constituted the employment of about 400,000 people out of 48,000,000. They constitute four out of two hundred and odd branches of manufacture which are listed under the head of manufactures in the last census of the United States. There is employment given to millions in other manufactures as compared to hundreds of thousands in these; the rest are mainly manufactures the production of which cannot under any circumstance be impeded, in which cotton, wool, iron, and steel are the raw materials; and these other manufactures have grown up irrespective of the tariff policy of the country, because they are natural and "to the manner born," and cannot be kept out.

The CHAIRMAN. Then the tariff on iron and steel has not prevented their growing up?

Mr. ATKINSON. It has not, but has hindered them. I have come to the conclusion that the effect of tariffs has been exaggerated by us all.

Mr. RICE. On both sides?

Mr. ATKINSON. On both sides.

Mr. THOMPSON. I think you are correct.

Mr. ATKINSON. I hoped not to get into this discussion at this period.

The CHAIRMAN. We do not want to get into a tariff discussion; but there are some facts which are really desirable to have considered by men of intelligence who have studied the subject, and which have a bearing on the conclusions of the committee, and it is in respect to them that the question is asked.

Mr. ATKINSON. The question whether or not infant manufactures would have grown up in this country is a question of the past; it is merely a question of what might have been the facts under other conditions.

Mr. THOMPSON. Then take the converse of that; has any manufacture grown up in this country which came in competition with other manufactures in foreign countries that has not been protected to some extent here?

Mr. ATKINSON. I do not believe that there is any branch of manufacture in existence in this country on which there has not been an attempt made to put a duty; but whether that duty has been of any effect at all is an entirely different question. It can be alleged, with reference to the most infinitesimal things that men use, that there has been an attempt to stimulate their production by putting an excessive duty upon them. But that is a question of the past, which I think has gone by.

The CHAIRMAN. I do not know any staple production of this country which, if the duty upon it were absolutely removed, could not be laid down cheaper from England than we can produce it. Take, for instance, steel rails; steel rails were worth $160 a ton when the manufacture of them was first commenced in this country; they are now sold here at $46 a ton, and have been sold as low as $44 a ton. They are made in this country to the extent of 500,000 tons a year, and not a ton of steel rails is now imported. The price of the same rails in Liverpool to-day is $25.50 a ton, making $21 difference. Adding $5 a ton freight to the cost of the English rails and they can be laid down here now for $30 a ton, so that, if the duty on steel rails was repealed, every steel-rail mill in the United States would be closed in a month. That is one of the most striking of all the cases yet, because it is generally held that in the iron business we are independent of the tariff. I am not an advocate of a high tariff, but I am dealing with these facts, and I see that to-day not a steel-rail mill could be run in the United States if the duty was taken off. The duty on steel rails is enormous—$27 a ton on an article the

price of which on the other side is only $25 a ton, so that there is a duty of over 100 per cent. to-day on steel rails.

Mr. ATKINSON. The difficulty of the question as to what might have been the condition of things under other circumstances appears from that very statement. What would have been the condition of the rail business in England and here if we had not had this excessive protection in this country, and if our demand for steel rails from England had been continuous? The price of steel rails would have been higher there and might have been higher here; but what I mean to say is that I have ceased to consider the tariff question as of the paramount importance which I did consider it ten years ago. Neither free trade nor protection has saved any country from disaster within these last five years, and the industrial forces which have caused this great change in the affairs of men are deeper than tariffs. They cannot be fended off by tariffs or fended off by the absence of tariffs, and I look upon an ill-adjusted tariff more as a retarding force now than as a great force, promoting one result or another. In other words, I would say that the time had come when the advocates both of free trade and of protection should cease to discuss what might have been the effect of a different policy in past times. There are no infant manufactures to-day. Whether there have been or not is another question.

Mr. THOMPSON. But we all concede, I suppose, that manufactures here are desirable.

Mr. ATKINSON. I conceive that manufactures cannot be kept out of the country—that they belong to the country—that the vast proportion of manufactures belong to the country anyhow.

Mr. THOMPSON. In the absence of protection, could there have existed a rolling-mill of steel rails in any part of this country?

Mr. ATKINSON. I cannot answer that question.

Mr. THOMPSON. But does not that involve the whole question?

Mr. ATKINSON. I believe myself that if there had never been a duty exceeding 10 per cent. in the United States from the beginning upon any article we would have had a more stable and larger development of cotton, wool, and iron and steel factories than we have to-day. That is my conviction.

The CHAIRMAN. According to that we would have had a larger development of iron business than could have been consumed in the country to-day. That is our present condition. We have a capacity to produce 100 per cent. more than we can consume.

Mr. ATKINSON. Why could we not export it?

The CHAIRMAN. Where would it have gone to?

Mr. ATKINSON. That is a mere matter of judgment.

Mr. THOMPSON. I do not think it is. It is more than a matter of judgment. Our rolling-mills to-day can hardly exist by the aid which they get from the government. How could they have existed at all in the absence of that aid?

Mr. ATKINSON. The condition of the country makes the manufacture of iron in this country an absolute necessity.

Mr. THOMPSON. How?

Mr. ATKINSON. On account of the proximity of iron and coal and the necessity of our having iron for use.

Mr. THOMPSON. But would not the people of this country and of every country buy iron where they would get it the cheapest, if they had the privilege to do so?

Mr. ATKINSON. Then the simple answer to that is that if no iron-mine had been opened and no iron-mill worked except for a high tariff, the result would have been that there would have been more iron at less cost to the consumer, and then there would have been more people engaged in working up the iron than are now engaged in making iron, for it is only one person that is engaged in making iron to the ten who are engaged in using iron.

Mr. THOMPSON. But I assume in my question that all other manufactures of a similar character would be governed by similar rules, and that, therefore, persons engaged in other manufactures in this country would be engaged in consuming the products made in other countries, and would have to find some other field of labor here.

Mr. ATKINSON. If they consume the goods made in another country, they must make something here by which to buy those goods. They must be engaged in some occupations, the productions of which other countries want.

Mr. THOMPSON. And which they can only get here?

Mr. ATKINSON. And which they can only get here.

Mr. THOMPSON. That would be, for instance, cotton, oil, and grain.

Mr. ATKINSON. Well.

Mr. THOMPSON. You would make us, therefore, a purely agricultural people, and would thereby crush manufactures.

Mr. ATKINSON. There you fall into the common error of limiting our manufactures, to cotton, wool, and iron.

Mr. THOMPSON. I do not. I said that in my question I embraced all manufactures, even of the most infinitesimal character, provided they come in competition with foreign manufactures.

Mr. ATKINSON. You never could have imported the articles that are made of wood; and there are more men engaged in working wood than are engageed in making iron. You never could have imported your carriages nor your wheelbarrows. You never could have imported your stoves as stoves. There are more men engaged in making stoves and other iron wares of all sorts than there are engaged in making iron—by ten to one. You never could have imported your clothing. There were at one time more people engaged in the manufacture of cloth into clothing in the city of Boston than were engaged in all the woolen-mills in Massachusetts in making wool into cloth.

Mr. THOMPSON. Do you mean to say that, in the absence of protection which encouraged woolen-mills here, and the making of woolen goods, other countries could not have made the cloth there and sold the clothing to us?

Mr. ATKINSON. It is impossible that they could have done so.

Mr. THOMPSON. Why?

Mr. ATKINSON. The clothing trade of this country is a thing *sui generis*. It requires a consideration of the sizes and shapes of men of different nationalities and races and of different States. It is one of the most complex branches of industry in existence.

Mr. THOMPSON. Why could not that have been done for the whole country West and South in London as well as in Boston?

Mr. ATKINSON. Because it is necessary to be done at home, and the trade is already being transferred from the East to the West.

Mr. THOMPSON. But not for the causes that you speak of?

Mr. ATKINSON. I believe for the causes that I speak of. The Scandinavian people of the Northwest require a peculiar kind of fabric. They require a peculiar shape in their clothing. They require an adaptation of the thickness of the cloth to the size of the waist.

Mr. THOMPSON. But was there not a time within a few years past when Boston fabricated clothing worn by the people of the South as well as by the people of the North and West?

Mr. ATKINSON. Yes; and Boston is now losing the trade, because, of necessity, it goes near to the consumer.

Mr. THOMPSON. That is the effect of the distribution of labor; but that does not remove the objection that you must go to the place where the article is to be worn in order to manufacture it.

Mr. ATKINSON. The vaster portion of manufactures—the portion of strictly manufactures—the manufactures of the hand and not of the machine (according to the etymology of the word), must be made and conducted within a reasonable proximity to the place of consumption. These are the branches of manufacture which bring up the individual man. These are the branches of manufacture which built up the city of Worcester rather than the city of Lowell; which promote versatility; which bring up men who depend upon their brain and their skill in the ultimate and final working of those great crude products, pig-iron and the like. Now, we might not have had perhaps (although I do not admit it) so large a production within the limits of the country of the crude product of cloth, or of the crude product of iron, or of the crude product of steel, but if we had not, we should have had as large or a larger product of the kind of manufactures which involve the individual skill and the individual action of men, and less of the machinery. We could not have come in the nature of things to be a strictly agricultural people.

Mr. THOMPSON. Then why, for the same cause, is the manufacture of gloves not distributed equally with the manufacture of clothing? There is certainly as much diversity in the form of the hands of different races as in the form of their bodies.

Mr. ATKINSON. The manufacture of gloves is a peculiar art. It has localized itself in a certain section of Central New York.

Mr. THOMPSON. If the cause of a general distribution of manufactures to the point of proximity in regard to clothing is in consequence of the peculiarities of the formation of individuals and races, why does not that same cause hold good in reference to the manufacture of gloves?

Mr. ATKINSON. Gloves are a very concentrated article, and can be easily distributed over large areas.

Mr. THOMPSON. But it is a question of adapting the article to the form of the wearer—to the Swede on the one side and to the negro on the other.

Mr. ATKINSON. I do not think with you that there is anything like the diversity in the shape of the hand that there is in the shape of the body. You can make gloves in quantity to fit the demand of nations, but it is an entirely different thing with clothing.

Mr. THOMPSON. In other words, you mean that the hands of the men of different nations and of different localities are more nearly alike than their bodies are?

Mr. ATKINSON. The demand of the hand is more nearly alike than the demand of the body in regard to fabric and in regard to the construction of the thing itself. I should say so, although I have never happened to think of the subject before. But what I mean to say is, that the vast proportion of manufactures are those which are

"to the manner born," and which you cannot remove to great distances. Take agricultural implements, for instance, and see how the trade in them has transferred itself from the East to the West from the very necessity of the case. The duty on the product has had nothing to do with the building of agricultural implements in this country. Yet I rather suspect that the making of tools and the making of agricultural implements employs a vastly greater number of persons than the manufacture of iron up to the bar—vastly greater—persons to whom the iron is the raw material on which they in part work. Now, wherever they get their iron, whether from abroad or from this side, they, as a branch of manufacturers (and a very numerous one), must of necessity exist in proximity to the former; the same is true of the wheelwright, the carriage-maker, the car-builder, and the stove-maker. Take the census list of manufacturers and see how many of these things you could, under one condition of things, transfer to another country, and you will find that you could not transfer 10 per cent. of them. I mean not 10 per cent. of the manufactures of the country could be worked elsewhere.

The CHAIRMAN. Given a state of things in which the article is produced with the same expenditure of human labor, and at no greater cost, in two different countries (in the normal condition of affairs); and if, in one country, there comes a collapse due to errors of judgment or any other cause, by which the market for such article is broken down, can the other nation, which has not committed the act of folly, be justified in making provision by its legislation against a sudden attack from the outside, caused, not by its own error, but by the error of other people?

Mr. ATKINSON. I think that that might very fairly be considered in the framing of a tariff for revenue purposes. But I also think that that protection from the sudden irruption of an excess of goods abroad would happen if the consideration of the tariff had been confined exactly to the revenue question. And, therefore, I think that the time has come when the discussion between us on these past ideas should cease.

The CHAIRMAN. I cannot see the force of your statement—for this reason: Take the iron business. We have got it into the condition in which we are importing into this country no iron or steel products. That is due to the fact that there is a duty, which stands as a barrier. This is a period of extreme depression in the iron and steel business. Iron and steel were never sold at as low prices as they are sold to-day. That barrier does not produce one penny of revenue to the government; but if you remove the barrier, our American iron and steel mills would be closed up and our people thrown out of employment. Now, we are here as a labor committee to consider whether we are to expose our labor to take the consequence of such an irruption.

Mr. ATKINSON. These being the facts, the existence of extreme depression on the other side at this moment makes it an inexpedient time to make great and sweeping changes.

The CHAIRMAN. Suppose, however, that we had free trade, and that this state of things occurred, and that our mills were closed up owing to an abnormal and unnatural state of things on the other side. Would we be justified in recommending the imposition of a duty so as to guard against the evil consequences of that error of judgment on the other side—if there had been no duty imposed before?

Mr. ATKINSON. I think we would not be justified in it.

The CHAIRMAN. That puts the case exactly as I want it put. In other words, you think that Congress would not be justified in legislating at all for the protection of the labor of this country from the evil consequences of an error of judgment in other countries?

Mr. ATKINSON. I think that Congress should not attempt it, because I think it would be found impossible. Suppose it to be exactly as you say, that there was an enormous glut and an enormous excess of steel rails on the other side, and that those steel rails would come here at such low price as to stop the steel-rail mills of this country for the time being, there would be a compensation for that in the fact of our getting an enormous quantity of steel rails for the permanent use of this country at less than their cost of production.

The CHAIRMAN. But how would it be with the 200,000 workmen that are engaged in this country in mining ore, mining coal, making pig-iron, and converting pig-iron into steel rails, and who would be all suddenly thrown out of employment by this operation? These people have no accumulated capital; they have no place to go; and they are suddenly reduced to destitution by this means. What compensation would they find in the fact that the country at large was getting some indirect benefit which might be felt hereafter?

Mr. ATKINSON. You seem to be assuming positions which seem to me impossible. A statement was made to me a few years ago by Mr. Carnegie, of Pittsburgh, that he had a contract for fuel delivered in his yard at 27 cents a ton. Now there is no fuel so cheap as that anywhere else in the world.

The CHAIRMAN. I do not believe, as a matter of fact, that there is any bank of coal anywhere in this country, or in any other country, from which coal can be actually dug out and delivered at 27 cents a ton.

Mr. THOMPSON. You could not get it dug out for twice that amount.

Mr. ATKINSON. Mr. Carnegie was speaking of slack coal.

Mr. THOMPSON. I know that the Pittsburgh miners get more than two cents a bushel (which is 50 cents a ton) for simply digging the coal.

The CHAIRMAN. But there is this countervailing element. Mr. Carnegie has to send to Lake Superior for his ore.

Mr. THOMPSON. There isn't a ton of coal delivered in Pittsburgh at six times that cost.

Mr. ATKINSON. You know the facts about that a great deal better than I do; but I had assumed, from information derived from Mr. Carnegie, that he could make steel rails at Pittsburgh at a price at which they could not be landed at Pittsburgh.

The CHAIRMAN. To be sure, when you get very far west, you gain by the freight from the seaboard; but he is mistaken even in that point, because steel rails can be laid down at Pittsburgh from England at not exceeding $35 a ton.

Mr. ATKINSON. You put a problem as to whether the government would be justified in trying to fend off and shut out that great excess of foreign production; and you assume certain conditions which make a very strong case. I can only answer it by supposing another case, such as is likely to happen in any branch of industry. Suppose that, instead of there being a great glut of the same commodity abroad, a sudden mode of invention came into this country, which, being in the hands of one or two concerns, should enable them to shut up every other concern in the country; then what would you do? Would you want the government to interfere to check the benefit of that invention?

The CHAIRMAN. If you ask me that question, I would not. The effects of inventions are permanent. Inventions are a continuous condition of society. Whereas the case that I put is the case of a temporary glut on the other side, produced by errors of judgment, which correct themselves in a little while.

Mr. ATKINSON. My answer would be that I do not think that any Congress is wise enough, or that any committee of Congress is wise enough, to provide by legislation against that contingency; and that the attempt to provide against such extreme cases is more likely to do a permanent mischief than a temporary benefit.

The CHAIRMAN. Wise or ignorant, it is exactly what Congress did do in the case of steel rails. It put on steel rails a duty of $27 a ton, which has had the effect absolutely of keeping our steel-rail mills going in this country, which otherwise would have stopped still.

Mr. ATKINSON. That may be owing to the general condition of the country in other matters; but I cannot assume that what has happened in the last fifteen years serves any purpose in the establishment of any permanent principle.

Mr. THOMPSON. But has it not been happening continually for the last 75 years in greater or less degree?

Mr. ATKINSON. There is where we differ in judgment; my judgment being that the manufactures of this country, as a whole, would have developed faster without the artificial stimulus of legislation than with it.

Mr. THOMPSON. That brings up the practical question, is that opinion of yours fortified by a single example.

Mr. ATKINSON. I have tried to bring up the example of the manufactures of wood, the manufactures of agricultural implements, and other manufactures.

Mr. THOMPSON. My question guards against that. You might as well say that the production of oil in this country has grown up without protection because it needs no protection.

Mr. ATKINSON. Exactly; and 90 per cent. of the manufactures of this country need no protection—manufactures like wooden ware, like agricultural implements, like paper, like common boots and shoes, and all of the variety of articles that are manufactured in the city of Worcester; the little concerns that do not affect the imagination, but that employ vast numbers of people. Ninety per cent. of the manufactures of the country have grown up not only without the stimulus of protection, but exposed to the tariff tax on the raw material.

Mr. THOMPSON. Is not that the idea which you have illustrated as repression and protection?

Mr. ATKINSON. I do not see it so. By the tax on the raw material, cloth, the manufacturer of clothing in this country pays a higher price for his cloth.

The CHAIRMAN. The point of the question put to Mr. Atkinson is this: Take the industry going on in natural conditions all over the world without any tariffs anywhere, all on the free-trade principle, letting that grow up which will grow up, and letting that pass away which cannot exist. But you have got certain kinds of industry that have grown up. All nations are liable to calamities and to errors of judgment. In Germany they adopt a false principle of policy, which brings about a collapse, and there is a fall in the German market. Therefore, in order to get relief, they send their surplus over here and undersell us. Now, the question is, are we justified in guarding ourselves against such a state of things which has occurred, and which will occur

to the end of time? Would a commercial nation be justified in looking ahead and making provision for such cases?

Mr. ATKINSON. I should say that, if there was no question of revenue coming in, no nation would attempt to impose a tariff for the purpose of protecting itself against that accidental or abnormal condition of things. But it does not seem to me a live question at this moment. We all admit that, whether beneficially or otherwise, we have changed the direction of our industries through the policy that has obtained; and no man of common sense proposes to sweep away the existing tariff at one sweep. I would cease the discussion between the two opposite theories (and I have tried to do so for the last two years), and I would have the two sides come together as they can come together, and, from their respective standpoints, agree upon a practical measure which both can sustain.

The CHAIRMAN. But the question will not down. You cannot get rid of it. The difficulty is just this: The duty which protects the manufacture of steel rails in this country is not a revenue duty, and the moment you make a revenue duty of it it ceases to protect, and it opens the market to the foreign producer. That is the fact, and you cannot wipe that fact out.

Adjourned till to-morrow morning.

Mr. Atkinson, at the next session, added: "I would answer your question as Daniel Webster did in 1820, that the imposition of a tax on foreign goods for the purpose of keeping out a temporary glut that might somewhere exist, would be like a strong and healthy man daily taking physic lest, at some future time, he might be sick."

VIEWS OF MR. EDWARD ATKINSON—*Continued.*

WASHINGTON, D. C., *December* 13, 1878.

The CHAIRMAN. Passing from the question of tariff and free trade (which we may consider to have been exhausted yesterday), I should like you to turn your attention to the labor question, with reference to wages in all parts of the globe. I desire to ask you whether you detect any agencies that are equalizing the rates of labor in different countries, and whether you are able to state any consideration that would go to show that wages can be, artificially or otherwise, kept higher in one leading commercial country than another. I put the question in a very general form, in order that you may answer it in your own way and from your own direction.

Mr. ATKINSON. I shall answer it in a little different direction from that indicated by the scope of the question. I think that the application of railroads, of telegraphs, and of machinery, combined, is tending to equalize prices the world over, for leading commodities and staples. It is leading to conditions in which the rate of wages is of less relative importance than it formerly was, and to conditions in which that country which has the advantage of position, of fertility, of natural resources, of absence of standing armies, and absence of other obnoxious burdens of that sort, can pay the highest rate of wages to the persons operating machinery, and yet send its goods to the markets of the world at the lowest cost. The cotton-mill operative of forty years ago could produce three yards a day of the goods that are exportable. The cotton-mill operative of to-day, at higher wages to himself or herself, produces ten yards a day of the same fabric. Hence the proportion of cost, which is represented by mill wages, is far less than it was forty years ago; and proximity to the cotton fields and to supplies of food, proximity to the market where the goods are sold, and the establishment of easy communications between the vendor and the vendee, become the paramount conditions of success.

The CHAIRMAN. In other words, the percentage of cost in working up the raw material has been greatly reduced, while the cost of the production of the raw material has not had a corresponding reduction?

Mr. ATKINSON. It has not.

The CHAIRMAN. The cost of the raw material has remained comparatively steady, while the cost of utilizing the raw material has steadily decreased?

Mr. ATKINSON. Aside from war prices, yes. The most striking illustration of that would be to go back a century, prior to the application of self-acting machinery to textile fabrics. I do not know the exact capacity of the spinning-wheel, but, as far as I can ascertain the relative conditions of then and now, the work of one person in five or six in a community was absolutely requisite to furnish the fabric for the clothing of the family. To-day one person in two hundred or two hundred and fifty produces the fabric required for the community.

The CHAIRMAN. There seems to be an impression among a great many persons (and it has been stated to the committee) that the condition, physical and moral, of the

past generations to which you have reference, was better than the condition of the present generation; that, although they had to devote so much more labor to clothe and feed the community, nevertheless their physical and moral condition was better than that of the present generation; that there was less suffering in the community then than there is now. Has your attention been directed at all to the physical and moral condition of the people of the past century as compared with the people of this generation?

Mr. ATKINSON. Yes. It requires broad generalization to answer that question. The answer is this: The character of the population of a century ago was very different from that of the population of to-day in capacity to live rightly and properly. The pauper immigrant had not arrived; the ignorant person had not arrived to any extent; and the work that was done at that time, the drudgery that was done at that time, was done by the whole community. Those who now do the drudgery could not have had any existence in those days; they would have starved; there would not have been any room for them.

The CHAIRMAN. In other words, the class of population represented by the people of the last century has been very much elevated in social position, and has given possibility of existence to another class.

Mr. ATKINSON. Unquestionably. They have risen into a far higher and better condition of life, and have made room for a class which could not have had any existence, which did not have intelligence enough to live.

The CHAIRMAN. The grievance and complaint is that this class which does now live is suffering to such an extent that it would be better that it never had existed. That seems the real point of the grievance—that there is a class which formerly did not exist at all which to-day does exist, and among which there is very great suffering, and a constant liability to destitution. Is there anything on the other side to make the existence of such a class excusable or desirable?

Mr. ATKINSON. If it depended on human intervention, and if it was within the limits or possibility of legislation to provide otherwise than the present provision for that class, there would be no excuse for its existence. I should like to illustrate further in reference to the change that has taken place. The population of a century ago was very superior to the population that is now engaged in drudgery. It has been lifted up. That change has taken effect especially in textile factories within the last 25 years. When textile factories were first established in this country there was no occupation open to farmers' daughters except the drudgery of home life—the exceedingly hard work of New England farm life. They went into factories, and from the factories passed on up into a very far higher range of employment. At the time that they were in the factories, the imperfections of the machinery of that day required the superior intelligence of the class of persons who then filled the mills. But they have gone into far higher grades of employment. The machinery has become more and more self-operative, requiring attendants to meet faults rather than to compass ends; and a class has come into the factories which would then have been engaged (if it could have lived at all) in a far lower range of employment than that of factories. They are now well employed at higher wages; wages, every dollar of which has a higher purchasing power than it had thirty years ago. My theory of the advance in wealth and condition and progress of invention is that the apex is always rising, lifting with it the first base, making room for a broader base underneath which could not have had an existence; that this goes on in the progress of events, and that it will culminate ultimately in such absolute control over the forces of nature, and in such absolute assurance of abundant production of everything which we need for material prosperity that the lowest intelligence, coupled with industry and tolerable integrity, will be sure of a decent subsistence.

The CHAIRMAN. You would say that, in the progress of industry, a larger number of persons are able to have the comforts of life than could have them before in the pre-existing condition, when machinery and industry were not so developed?

Mr. ATKINSON. Most undoubtedly.

Mr. RICE. You do not mean to say that the lowest class of society now is as low as the lowest class of society was 100 years ago in other countries?

Mr. ATKINSON. Not in other countries. I am speaking distinctly of this country.

Mr. RICE. In other countries the lower classes are perhaps something above the lower class that have crowded in here and have taken the lowest plane.

Mr. ATKINSON. Taken the lowest plane—a plane for the existence of which there was no possible place before.

The CHAIRMAN. If machinery, which has been introduced during the last century, were abolished, suddenly or gradually taken out of existence, as I understand you, the result would be that population would necessarily be reduced, and that when it got down to the point where it could live from the productions of the soil by rude labor, then the number of persons surviving would be very much less than the number that is now able to have a comfortable livelihood.

Mr. ATKINSON. Unquestionably. This country has passed through two periods, and

is now passing through the third—a very strange one, such as never happened before in the history of the world. The first period was a period of possible scarcity for large masses of population, when the possibility of producing enough for the barest subsistence was the question at issue. It was an absolute struggle for life, for the means of living, on the part of great masses of the people. Invention and discovery have abated that, and we passed into the period where there was the possibility of excess in one section of the country and of scarcity in another, when the question at issue was the question of the mechanism of distribution—the railroad, the canal, the highway. We have passed out of that into a period to-day when, with the existing machinery and the existing population, the idea of possible scarcity anywhere, at any time, of any essential thing, can hardly be conceived in this country; and you have come to the point where the questions at issue are the method of distribution, and how to stimulate consumption; how to make use of the vast excess of quick capital which burdens all markets throughout the country in every line of production—how to stimulate consumption here or elsewhere.

The CHAIRMAN. That is, how to diffuse the area of consumption so that people, who are now uncomfortable for want of things, may be able to get them?

Mr. ATKINSON. Yes; you have on the one side the mass of unconsumed commodities loading the warehouses, and a cause of depression and loss to the producer. You have on the other side, to a very much more limited degree than the popular mind conceives, a considerable number of unemployed laborers eager and willing to do the work which would entitle them to consume this excess, or a portion of it. And how to establish such conditions of mind (for it comes really to a mental condition), that constructive enterprise (having reference to the need of a future population) shall begin again in a large way, seems to me the problem of the hour.

The CHAIRMAN. In other words, there are plenty of things in this country that ought to be done, and plenty of capital to do them with?

Mr. ATKINSON. Yes.

The CHAIRMAN. But there is an indisposition to use capital for that purpose?

Mr. ATKINSON. Yes; but there being something wanting, the machinery has stopped for the present.

The CHAIRMAN. The machinery has stopped?

Mr. ATKINSON. That is my view.

The CHAIRMAN. Can you suggest anything that governments can do to set this machinery in motion?

Mr. ATKINSON. The one thing that you can do, and that you are about to do, in my hope and judgment, is to establish a single unit of value which shall be the single legal tender, and which will give confidence to the man who invests his capital to-day that he can get back its equivalent next year, or in the next generation, if he wisely makes his investment.

The CHAIRMAN. You are aware that the State now does provide a single unit of value?

Mr. ATKINSON. Yes.

The CHAIRMAN. Therefore there is nothing left for us to do in that particular except we undo it, and that, I hope, we will not do. What is your idea about establishing a single unit of value? Is it that all other forms of money shall be convertible into it?

Mr. ATKINSON. That all other forms of money shall be convertible into that single unit of value so as to give them the utmost stability that any concrete form of human labor can have.

The CHAIRMAN. And you think that until that is assured, the persons who control capital will be very unwilling to put it out of their hands?

Mr. ATKINSON. I do.

The CHAIRMAN. And you think that that (which may be really termed an intellectual cause) is really at the foundation of the solution of this question?

Mr. ATKINSON. I do, most emphatically. I do not say that now for the first time. You know very well that all this course of disaster, of stagnation, and of loss was predicted in 1867, '68, and '69 as an absolute necessity. I remember myself writing in 1869 the sentence, that if the restoration of the currency to the specie standard did not come through voluntary legislation it would come through involuntary bankruptcy: that it was in the nature of things, and could not be prevented by any act of Congress or by any act of legislation. It was only a question of the magnitude of the hardship to be gone through, and its spread over a less or greater surface that could be affected by Congress. I am of the opinion, and have been, that the whole era of disastrous speculative enterprise in railroads and municipal extravagance could have been avoided by the application of the surplus gold revenue of the country from the year 1866 to the year 1870. (I am not absolutely sure of my dates, but substantially.) There was a period of ten years, ensuing immediately after the war, in which the actual surplus revenue of the country, received in gold coin and subject to the will of Congress and of the Secretary of the Treasury for its application, exceeded five hundred million dollars. Had it been expended for the demand notes due and dishonored, instead of for

the purchase of long bonds that were not due, at a high rate of premium above the par of those notes, the reduction of the debt would have been many million dollars greater than it has been; and the one cause, the one greatest cause of all the disaster that has occurred in the last five years, would have been removed, the inconvertible note.

The CHAIRMAN. You stated that the owners of capital were unwilling to invest their money in enterprises because they were not certain of what they would get back for it, because they had not confidence. That statement is not quite clear, unless you go farther and explain whether the owners of capital, as a rule, invest their money directly on their own account in enterprises (in which case they would have the property on which they expended their money), or whether they generally proceed by lending their money to others who are borrowers, and who go on with enterprises. Are constructive enterprises carried on mainly by borrowers or by people who own the money that is put in? You see that, in the one case, the capitalist would have property for his money, and in the other case he would have evidences of debt to be repaid to him; and it seems to me that it makes a vital difference in the matter as to which way construction usually proceeds. For instance, if I want to build iron-works, I put in my own money and get my iron-works, and expect to run them and sell the product for whatever may be the money in circulation, whether paper money or in gold coin. That is one way of using capital. Another way is, if a railroad is to be built, money is borrowed on bonds to build it; and the man who lends the money and takes the bonds wants to know whether he will get back money as good as he gave.

cious for men to borrow on the plant. The larger manufacturing enterprises should

Mr. ATKINSON. In regard to manufacturing enterprises, it is not deemed very judi- own their plant. That is almost essential. They may, and do, to a very large extent, borrow their working capital. The funds of the savings banks of Massachusetts constitute a large portion of the working capital of the factories and works of Massachusetts.

The CHAIRMAN. But these kinds of short loans, repayable in a few months, are not subject to the difficulty which you stated at the outset, that a man wants to know what he is going to get back for his money, because the fluctuations in the value of money are too small in a few months to affect the matter.

Mr. ATKINSON. These loans have been long loans; but there has been an act passed by the legislature recently that no savings bank shall make a loan for longer than one year. They were formerly made for three years, and even now they are very apt to stand by renewal from time to time.

The CHAIRMAN. On what security are they made?

Mr. ATKINSON. On the note of the corporation, with individual directors as personal security. There is an enormous sum of that sort of capital used in manufacturing establishments for working capital.

The CHAIRMAN. And the system of New England manufactures has been largely developed and carried on in that way?

Mr. ATKINSON. It has been.

The CHAIRMAN. It is very interesting to have that statement made, because I think that that is not the case with any other manufacturing community in the world. I know that it is not in New York or in New Jersey, and I think that it is not in Pennsylvania. There savings banks are absolutely prohibited from making such loans.

Mr. ATKINSON. There have been in Massachusetts scarcely any losses from that class of securities. I cannot state the amount (Mr. Rice is as conversant with it as I am) of the money of operatives and working people thus invested in manufactures at a fixed rate of compensation (not being at the risk of the business). The amount may be counted by millions.

The CHAIRMAN. In other words, you have, in New England, actually converted your laborers into capitalists. They have been the capitalists by whose money factories have been carried on.

Mr. ATKINSON. To a very large extent.

Mr. RICE. Savings banks in Massachusetts furnish capital for a great many other enterprises as well?

Mr. ATKINSON. Yes.

Mr. RICE. I recollect looking over the list of stockholders in the Worcester banks during this last season, and, out of 21,000 shares of stock in the Worcester banks, I found that 8,500 were owned by savings banks and insurance companies; the greater part by the savings banks, more than one-third. Then their funds are largely invested in buildings. Our city blocks are resting very largely on mortgages to the savings banks.

The CHAIRMAN. That is true in other States. The savings banks lend money on real estate.

Mr. RICE. And then again, when the money of the savings banks goes into manufacturing enterprises, the capitalists, the men of wealth, who are engaged in those enterprises, sign notes to the savings banks, either as principals or as sureties. These

personal notes to which you have referred must have three names. And in that way they borrow from the savings banks the working capital of the establishment.

Mr. ATKINSON. In regard to a very large proportion of the textile factories of New England, operatives who have had an interest in the capital through the intervention of savings banks have received a larger profit than the owners of them have received for the last seven years.

The CHAIRMAN. In other words, the profits of the business have not been sufficiently large to pay to the owners as high a rate of interest as the borrowed money has received.

Mr. ATKINSON. That is so.

Mr. RICE. State, with reference to the savings banks, where the losses have been principally in Massachusetts. Have they been from those personal notes, or have they been from loans made on real estate—from mortgages on real estate that was overvalued?

Mr. ATKINSON. Very much more from mortgages on real estate. I scarcely know of a loss on this class of personal notes. The treasurer of the largest savings bank in Massachusetts, the Provident Institution (the oldest but one in the United States), told me within three or four years past that that institution had never made a loss upon that class of security, and I do not think that it has made a loss upon it within the last three or four years.

Mr. RICE. I do not think that the savings banks in Worcester have lost a dollar in that class of securities. They have lost somewhat, of course, by the depression of stock in which they invested at appreciated prices, and they have lost slightly by over-valuation of real estate on which they took mortgages. But the principal losses to our savings banks have been from the depreciation of bank and railroad stock which they were forced to take for the purpose of investing their funds.

The CHAIRMAN (to Mr. Atkinson). I do not see that the proposition which you laid down originally, as to want of confidence, would apply to this class of investments at all. In the first place the loans are loans of aggregated capital by the trustees. It is, therefore, the desire and disposition of everybody to keep that capital going, and the factories would be carried on by the means which you described, without reference to the ultimate mode of payment.

Mr. RICE. The savings banks do not now lend their money in that way. They are troubled to find places to lend their money, from want of confidence in such enterprises.

The CHAIRMAN. I understood Mr. Atkinson to say that the oldest bank there had never lost a dollar by loans of that kind.

Mr. ATKINSON. But they are afraid that they will.

The CHAIRMAN. Are they afraid of the failure of the enterprises to respond, or are they afraid of some change in the currency? All that the trustees have to do is to be sure to get back the kind of money that they loaned.

Mr. ATKINSON. Yes; but they look at the possibility of the undertaking being swamped through the fluctuations of the currency.

The CHAIRMAN. That is alleged to have been the great grievance in this country, the great source of all our troubles, that a shrinkage has taken place, and that it was an unnecessary and cruel process to people engaged in business; that it could have been avoided if proper legislation had been had, and particularly if the resumption act had not been passed. It is alleged that we could have gone on on the inflated basis on which we were, and could have avoided all these enormous losses. If you have got any opinion to express on that subject, I wish you would give us the benefit of it. Do you think that the losses could have been avoided?

Mr. ATKINSON. It was not possible to have avoided them.

The CHAIRMAN. Suppose that Congress had not legislated on the subject at all, would the same process of shrinkage have gone on?

Mr. ATKINSON. Unquestionably. It would have come from bankruptcy or repudiation. That is my deliberate judgment. You cannot carry on a business or enterprise of any kind and subsist the people on a fluctuating standard of value.

Mr. THOMPSON. I understand you to say that what conduces to this prostration and want of activity in business is fear of capitalists, or of those who control capital; that if they invest their money to-day, they will not get it back to-morrow in the coin or in the value of to-day?

Mr. ATKINSON. That they will not get it back in the equivalent of what they lend.

Mr. THOMPSON. That may have been true a few years ago; but how can it be true to-day, when any change from to-day's standard must be in the increase of value?

Mr. ATKINSON. So long as it lies within the power of Congress to alter the conditions of the standard of value, so long will there be distrust and want of enterprise in the community. You cannot repeat inflation. You have passed through the crisis once; you have come to the collapse, and there you must stay until you get to a unit of value—a unit that gets its value from the labor that is in it, and which it represents, and not from an act of Congress.

Mr. THOMPSON. That is understood; but we have reached that point now so that there is hardly a shadow of difference between paper and gold. If it was sure that that would continue, then this state of uncertainty would no longer exist.

Mr. ATKINSON. It would exist no longer. You have got to the point of equilibrium of the existing notes in gold.

Mr. THOMPSON. And consequently of values.

Mr. ATKINSON. And I think you have got the values of some commodities even below the gold standard, owing to the absence of enterprise. I think that the one thing which would stimulate enterprise more than any other at this moment would be a decision of the Supreme Court that nothing but coin was a legal tender. I do not believe in any absolute certainty about it until that decision is had.

Mr. THOMPSON. You have stated that values are now even below the gold standard, and that any change in the future must consequently be an appreciation of values. Now, if a man invests his money in these articles to-day, how can any change in the currency affect him adversely?

Mr. ATKINSON. You have in the public mind the possibility of a silver standard instead of a gold standard, and in the public mind that is an idea of depreciation. The public mind is very much alarmed about the apparent excess of silver.

Mr. THOMPSON. But what difference does that make to the man who puts his money in these articles to-day? Would not the depreciation of the currency appreciate his property, and would he not be the gainer by it? I am taking the case of a permanent investment—the case of a man who buys a farm or builds a house, at the present value. If, to-morrow, greenbacks be made a legal tender, or be doubled in volume, or if silver be made a legal tender, by which the relative values of property are changed, how does that hurt the capitalist?

Mr. ATKINSON. You cannot get the apparent (but not real) benefit to individuals of an inflation of the currency, unless that inflation of the currency is accompanied by a war demand for commodities. It was the combination of the two—the stimulus of the excessive war demand, accompanied by an inflation of the currency—which caused the rise of prices.

Mr. THOMPSON. Do you mean that the depreciation of the currency does not appreciate the apparent value of property or the relative value of property?

Mr. ATKINSON. It may, as named in that money; but it depreciates the actual value in the relation of one piece of property to another. It may appreciate the price of property. The price of property may be named in a larger number of sham dollars than of real dollars; but the actual relations of one piece of property to another, and of the actual service which one man can render to another, is constantly depreciated and rendered less and less.

Mr. THOMSON. Do you mean that property is really intrinsically of less or more value dependent upon the character of the standard by which it is measured?

Mr. ATKINSON. I do most absolutely. The actual real value of property and of service and of commodities comes from its use as to the property, and from its quick circulation and consumption as to the commodity.

Mr. THOMPSON. Take the case of a man who, during the war, when gold was at 2.40, bought up property in Washington City at its then estimated value. When paper money has got back to the point it has reached to-day, does not that property shrink relatively in value? Intrinsically it is of the same value; that is, it takes the same amount of labor and the same amount of material.

Mr. ATKINSON. Not at all. Its value consists in its use at one time or another; and even when you have got it back to an apparent equality with gold, unless there is assurance of the stability of that equality with gold, the use of that property is impaired, and whatever its price may be its value is less.

Mr. THOMPSON. I can understand the suggestion made by the chairman, that where capitalists loan money to enterprises there is an unrest about it; but when a man invests his money at bottom prices, as it were, any change that may take place must be in the direction of his interest, necessarily and inevitably, as I understand it. Therefore I do not understand why capitalists hesitate to go into investments now.

Mr. ATKINSON. The vast majority of capitalists understand perfectly well that any fluctuation in the standard by which services are to be measured, and property is to be measured, restricts and hampers the service which one man can render to another, checks the circulation and consumption of commodities, and impairs the use of the property which he holds. Therefore he will not move until he is assured of the stability of the unit any more than he will buy goods unless he knows that the yard is to be continually 36 inches. No man will buy goods and put them away for future use to be measured by the yard on the chances of a change in the yard next year.

Mr. THOMPSON. I do not see how that would affect him at all, provided the compensation was correspondent, which it must be.

Mr. ATKINSON. Which it may not be?

Mr. THOMPSON. It must be; it cannot be otherwise. A yard is only three feet because we call it three feet.

Mr. ATKINSON. A yard is a certain existing element of space.

The CHAIRMAN. Suppose a capitalist makes a loan dependent upon a certain number of yards to be repaid next year, and that next year the yard is reduced to twenty-four inches, and that the fellow to whom he has made the loan returns it in yards of twenty-four inches instead of thirty-six inches?

Mr. THOMPSON. I said a moment ago that I can understand the condition in the case where capitalists lend money for enterprises; but, where a capitalist invests his money at the lowest values of property, then I cannot understand how any depreciation in the currency can depreciate his property.

The CHAIRMAN. We are considering the effects on prosperity and on the activity of business. Capitalists are of two kinds—those who invest their money in property and those who lend money.

The capitalists who lend money will not lend it unless they are sure that they are going to get back as good as they lend. I would ask Mr. Atkinson, in a general way, how large a proportion of capital is in the nature of capital that is loaned; is it a very large amount of the aggregate of capital?

Mr. ATKINSON. It is a very large amount, an essential amount.

The CHAIRMAN. Does the prosperity of business depend upon a very small percentage of capital; that is to say, do enterprises go on readily when there is plenty of capital to be loaned, and do they cease when there is not much capital to be loaned?

Mr. ATKINSON. In a normal condition of affairs, that is the fact.

The CHAIRMAN. If capital is unwilling to be loaned in consequence of the uncertainty as to how it is to be paid back, will not that bring about a depression in business and a cessation of enterprise?

Mr. ATKINSON. Undoubtedly it will, and has. I have a knowledge of masses of capital lying idle to-day.

Mr. RICE. Are not the men who put most life into business enterprises the men who borrow capital?

Mr. ATKINSON. Unquestionably.

Mr. RICE. And without such men, business stagnates?

Mr. ATKINSON. Without them, business stagnates.

The CHAIRMAN. The nature of capital is not to be enterprising?

Mr. ATKINSON. Not to be enterprising.

The CHAIRMAN. And it is the nature of men without capital ——?

Mr. ATKINSON. To be enterprising.

The CHAIRMAN. Are the enterprising people borrowing money now?

Mr. ATKINSON. Not for constructive enterprises.

The CHAIRMAN. Are they afraid of borrowing money for constructive enterprises?

Mr. ATKINSON. They are afraid to begin constructive enterprises in Massachusetts now.

Mr. RICE. No railroads are being projected there and no factories are being planned?

Mr. ATKINSON. No railroads, no factories, and no works of any kind.

Mr. RICE. I suppose that the owners of factories are doing something toward replacing their machinery.

Mr. ATKINSON, That is going on at a very great rate. Almost all factories (where there have been means to do it) have been reconstructed within the last five years to the extent that the same work can be done there to-day by 75 hands that took 100 hands a few years ago.

Mr. THOMPSON. Is not that state of affairs rather an irrational one, that borrowers are afraid to borrow money to go into constructive enterprises, for the same reason that capitalists are afraid to lend money?

Mr. ATKINSON. No: the same causes produce like effects on both minds. They must have an absolute standard unit of value for either transaction (either to borrow or to lend), or else the borrower may be called upon to pay a good deal more than he receives and the lender to take back less than he advances.

Mr. THOMPSON. No. The borrower has got to that point where he cannot be called to pay more. He may be called to pay less, and that would help those who would borrow money to engage in enterprises.

Mr. ATKINSON. There may be fluctuations. It is the fluctuations that frighten. The borrower may be called upon to pay more than he can recover from the community.

Mr. RICE. Is it certain that we have got to the lowest point yet?

Mr. ATKINSON. Nobody can say that it is certain; but the judgment is that we have got the prices of some commodities down to the lowest point or even below it.

The CHAIRMAN. Mr. Thompson does not make allowance enough for the effect of the disasters in business for the last 25 years. The older men are gone and the younger men are not in a position to take hold. There is at present an enormous demand for money, but upon security that capitalists do not consider sufficient.

Mr. ATKINSON. Yes; you can lend plenty of money if you choose to; but you cannot have the free circulation of capital, except upon a standard unit of value which cannot be changed.

The CHAIRMAN. You made a statement just now which I wish to follow up. You said: Admitting that we have now got down to equivalent values of gold and paper money, there is a fear in the public mind that silver may be substituted for gold, and that therefore the man who lends money that is now worth gold may be obliged to take back his money in silver. What is the difference now between gold and silver?

Mr. ATKINSON. From 15 to 17 per cent.

The CHAIRMAN. If, by any possibility, gold should be driven out of circulation, and if a lender should be paid back in silver, what would be the loss?

Mr. ATKINSON. Just the difference between the bullion and the coin value of gold and silver.

The CHAIRMAN. If silver should be declared to be a legal-tender for debts, what must be the inevitable result?

Mr. ATKINSON. The inevitable result must be a single silver standard.

The CHAIRMAN. And while the danger of that prevails, capitalists are not willing to lend their money?

Mr. ATKINSON. They are not willing to lend their money, and will not do so; and even the men who ought to borrow capital will be afraid to do so, or to enter upon any new enterprise. They will live on what they have got and wait events.

The CHAIRMAN. And then your judgment is that there can be no recovery until this silver question is all settled?

Mr. ATKINSON. I agree to that most fully and conclusively. I think that we stood in the best position to avoid all the silver complications had it not been for the legislation of last year.

The CHAIRMAN. In other words, you think that we deliberately plunged into the difficulty?

Mr. ATKINSON. We deliberately plunged into a sea of difficulty which we of all nations could have best avoided. We could have left the determination of that difficult and dangerous question to the cost of other nations.

The CHAIRMAN. Were we not the only great commercial nation that was out of the scrape?

Mr. ATKINSON. We were the only great commercial nation that was out of the scrape; and, while not believing myself in the permanent depreciation of silver in the ratio to gold which now exists, my objection is to the fluctuations which are inevitable.

Mr. JONES. You say that we were the only nation out of the silver scrape. Was not Germany out of the scrape?

Mr. ATKINSON. Germany has been the prime mover in the change, and my idea of the cause of it is that Germany was unduly alarmed by the apparent excess in the production of silver, and that she disused silver without sufficient reason. My idea is that it is the temporary silver mine opened by Germany, in selling her old silver, happening to fall upon a period when Eastern exchanges are not in their normal condition, that has been one of the prime causes of these great downward fluctuations in silver; because I can find in the relative production of gold and silver since 1850 nothing to warrant so enormous a fluctuation.

Mr. JONES. Germany is a country that has a single standard, and yet that country has not enjoyed the prosperity which you say would come if we had a single standard.

The CHAIRMAN. Mr. Atkinson expects it to come in Germany when it comes here. It will all come together. He only says that it is impossible to restore constructive enterprises here until this question is settled here. It is settled in Germany. There there is no difficulty except in selling silver at a loss. But what we want here is to set constructive enterprises going. The owners of floating capital will not lend it unless they know they will get back as valuable a commodity as they give. That is the difficulty here. The general depression of business extends all over.

Mr. ATKINSON. The depression of business began in Germany before the demonetization of silver, and it was perhaps a mistaken move in Germany that caused her to enter on demonetization. My own judgment is that Germany made a mistake in that.

The CHAIRMAN. At any rate, we were out of it, whether the Germans made a mistake or not.

Mr. ATKINSON. We were out of it. We were entirely out of the question. We need not have considered whether it was a mistake or not. We need not have had anything to do with it; and the only effect of it then would have been on the fall of our silver as bullion, which, in ratio to the value of all our other commodities, is a mere bagatelle.

The CHAIRMAN. And Congress has no more to do with it than it has to do with the fall in pig-iron?

Mr. ATKINSON. Not the least. We should have let it take its market value. It would have found its level on the new condition of supply and demand. The pending question in that regard is whether the United States can supply itself with the gold needed without aggravating the difficulties of Great Britain, where there is as yet quite enough gold to serve its purposes, but perhaps none to spare.

The CHAIRMAN. Our annual product of gold is about $50,000,000 a year.

Mr. ATKINSON. Undoubtedly. That again affects us. We have the command of the gold of the world if we choose to exert it, because we are now producing in excess the meat, the cotton, and the corn which the civilized world must have, or must go hungry and stop work. And when all our bonds are home (as they are now supposed to be), and when we present our bills for the cotton, the corn, and the meat supplied to Europe, as demand checks payable in specie, then there will come a new condition of things, the effect of which cannot be yet foreseen. But that we have that power and that we can use that power to our own advantage (no matter who suffers) is a fact that cannot be gainsaid.

The CHAIRMAN. Suppose we were to exercise that power and insist in having payment for our exports in gold, you can foresee what would be the consequence on the other side.

Mr. ATKINSON. I can foresee a terrific depression in Great Britain and a fall in prices here.

The CHAIRMAN. Prices would fall on the other side to such an extent that we would be willing to take their goods for our commodities?

Mr. ATKINSON. Yes.

The CHAIRMAN. And, therefore, the effect of that state of things would be a readjustment of values upon a lower scale than now prevails?

Mr. ATKINSON. Yes.

The CHAIRMAN. So that it is among the possibilities that we have not got down to the bottom yet?

Mr. ATKINSON. We may not have got to the bottom in regard to some of the great staples of the country by any means.

The CHAIRMAN. That is to say, that gentlemen who are holding cotton now for higher prices may be still mistaken, and that there may be still a lower depth for cotton?

Mr. ATKINSON. They may be still mistaken, in consequence of the inability of our customers to find means of paying for the cotton. That discloses the difference between this country and all other countries at the present moment. All other countries suffer from the scarcity of something or other which they must buy and for which they must find means of payment; and we suffer from a plethora of everything under the sun that we need for our use or with which we can supply other people.

The CHAIRMAN. Is not the increasing depression of business in England an indication that that process is going on?

Mr. ATKINSON. It is undoubtedly so; and, furthermore, I think it is an indication of the permanent change which I referred to when I first began my evidence (of the equalizing process of machinery); that is to say, that it is no longer so essentially a question of wages, in the competition between this country and Great Britain, as it is a question of the position and of the open market in which to sell the product of the wages.

The CHAIRMAN. You say that we can go on and produce in this country more cheaply than they can in Great Britain or any other country, by reason of the fertility of the soil and the existence of the raw material here. Still they must go on and produce, they having got a population which must be employed in order to live. Would they not put down their wages in order to equalize this difference, and will not the effect of that be the transfer of that population to this side?

Mr. ATKINSON. Unquestionably; and I expect to see immigration from Great Britain to this country within ten years something like that which followed the Irish famine in 1846 from Ireland. But this is hypothesis.

The CHAIRMAN. But it is not hypothesis to say that they put down the wages of their employés to a point to enable them to carry on competition with us, and that that competition still goes on.

Mr. ATKINSON. Yes; and if I am right in my position, we can, in very many directions, pay higher wages than Great Britain, and still produce goods at the same cost as they can, or less.

The CHAIRMAN. But as their wages go down, ours must go down correspondingly.

Mr. ATKINSON. Yes; but at the same time the purchasing power of our wages will not go up correspondingly, and the laborer will be still better off here than in Great Britain.

The CHAIRMAN. The fall in the price of food goes back to the farmer. Will he get as much for the net results of labor as he formerly got?

Mr. ATKINSON. He may not; but he again has got the application of machinery to enable him to produce upon a larger scale, and he gets his profit from the vast quantity he can produce rather than from higher prices of limited quantities.

The CHAIRMAN. But take the cases of small farmers—of whom we have such great numbers in this country—would not the result be (if the cost of the product is to be determined by the largeness of quantity) to drive out the small farmer, and to aggregate farms in larger areas?

Mr. ATKINSON. I do not see it so; because, after all, the small farmer lives on the scale of little limited area in which he resides. He cannot compete with the great capitalists engaged in farming on a large scale.

The CHAIRMAN. He would be driven to produce those things which do not enter into the general market.

Mr. ATKINSON. Yes; and, in that regard, bear in mind that the product of the small farmer is not the great staple product that goes into the markets of the world. For instance, Central New York, that used to produce wheat, and that was considered a great wheat country, is a vastly richer country to-day—so far as its farmers are concerned—from the product of small miscellaneous crops, which will not bear long transportation.

The CHAIRMAN. Central New York has got into the butter and cheese business; and the butter and cheese produced there are really matters of exportation.

Mr. ATKINSON. There is the same room for diversifying farm products as there is for diversifying factory products, and the tendency of diversification is that the small farm products fall into the hands of the small cultivator.

Mr. JONES. Mr. Atkinson states that the fall in the price of food, for instance, is compensated for to the farmer by the application of machinery to farm work, and that he is compensated by the profits from a large product. He seems to have had in his mind the case of wheat growers, dairy farmers, &c. But how will it be in the case of the cotton planter, where machinery does not come into play, and where, the more extensive his operations are, if cotton is as low as seven or eight cents a pound, the more disastrous they are to him?

Mr. ATKINSON. The cotton planter appears to have disappeared from the face of the earth. Cotton has necessarily fallen into the hands of small farmers, because it is a matter of individual enterprise and individual picking. But there is more room in regard to the right preparation of cotton and to the application of improved methods to the ginning and picking of cotton that will inure to the profit of the farmer when entered upon—more room than in any other branch of occupation that I know of in this country. The methods of treating cotton (from the field to the railroad and to the mill) are more barbarous and more unfit than the methods in any great branch of industry that I have any cognizance whatever of. The saw-gin is a most absurdly unfit machine to apply to the cotton. Then, again, there is a vast field opening before the cotton farmer. The seed that was formerly wasted (almost absolutely wasted) has a market value anywhere now, I believe, of $6 a ton, and a market value in the ports of this country (Philadelphia, for instance) of $20 a ton. Its intrinsic value nobody yet knows. The seed which belongs to a bale of cotton of 500 pounds, weighing 1,300 or 1,400 pounds, contains 50 pounds of organic salts drawn from the soil, mostly phosphate of lime and phosphate of potash. The utilization of this seed is a most extraordinary and marvelous development—and I watch its development with the greater interest, as I had the pleasure of foreseeing it in 1861. This seed is now decorticated, as they term it, the hull separated from the kernel, the kernel pressed, and the oil sold and exported very largely. I have every reason to believe that they have discovered a method of treating that oil in Europe chemically by which they get out of it very valuable dye stuffs. That information comes to me from a Texas gentleman who was chairman of the group of judges of cotton and its productions at the exhibition in Paris, and I am now trying to verify it.

The treatment of the hull is now begun. It may be either converted into potash by burning, or, as is now discovered, it contains a large amount of tannic acid. Probably its greatest value is not for tanning, but for dyeing purposes. And after it has been used for that purpose, and all the tannic acid taken out of it, it proves to be a most admirable paper stock. In proof of that, I happen to have in my pocket a specimen of cotton-seed hull converted into what is called "half stuff." In conversation with a gentleman who knows more of the value of cotton seed than anybody else in this country, I submitted the other day the hypothesis that the cotton farmer might be presently in the receipt of the relative price of ten cents a pound for his cotton, by getting six cents per pound for the cotton fiber and equal to four cents per pound of cotton out of the seed. He thought a few moments, and then said, "You are not far out in your judgment."

The CHAIRMAN. Suppose that that were so, would not the inevitable result be to stimulate the raising of cotton and again to bring it down to the point where it would give a mere subsistence to the farmer?

Mr. ATKINSON. The tendency of every discovery is to bring every kind of business down to the point which leaves a subsistence only to those who do the work and a margin not exceeding 4 per cent. to those who furnish the capital.

The CHAIRMAN. In other words, machinery and inventions are the great communizers?

Mr. ATKINSON. They are the great communizers, and will lead to the economic millennium, when the control of men over the forces of nature will be so absolute that a

good subsistence will be perfectly sure to men with ordinary intelligence, and when it will not pay to bother about acquiring wealth.

The CHAIRMAN. Nobody will want to be rich?

Mr. ATKINSON. Nobody will want to be rich. And that leads me to the most interesting branch of the subject.

The committee here took a recess for one hour.

After recess.

The CHAIRMAN (to Mr. Atkinson). How much capital is employed in proportion to the value of its product in the course of a year?

Mr. ATKINSON. The fact has been referred to in the books, first by Dr. Chalmers, not many years ago, then followed up by reference in Mill and others, to the effect that the capital or substantial result of labor saved in a given community never did and never can exceed two or three years' product in the richest community. The demonstration of that theory, I think, had not been made absolutely possible until the publication of Carroll D. Wright's census in Massachusetts for 1875, taken in connection with the commissioners' reports on what D. A. Wells calls the pagan system of taxation in Massachusetts—the taxation of all kinds of personal property under duress. By collating the facts in these several publications, it appears that the actual property of Massachusetts reached by assessment was, in 1875, $2,200,000,000 in value. That consisted of $1,311,000,000 of real estate; $530,000,000 of personal property; $238,000,000 of savings-bank deposits; $84,000,000 taxed by the State to manufacturing corporations; $31,000,000 of bank capital taxed by the State. Now, in this list of property there are, of course, two kinds—the land, which obtains its value from the use that is made of it (which the Almighty gave free), and the symbol of or title to property as it exists in the form of bond and mortgage. Between these two comes the real substance, or capital, representing the saved labor of two and a half centuries of existence of the colony and State. The ordinary rule of the assessor in appraising values (which are now fully as high as the real values throughout the State) is to consider the land two-thirds and the buildings and works on the land one-third. It would be safe to take the rule of halving it and counting one-half of the real estate to be actual capital, or substance put into form for use by human labor. I then take the personal property and divide that in a similar manner, not by halving, but according to rules not difficult to apply. The $238,000,000 in savings banks consist of real property to the extent named ($8,000,000). The rest of it ($230,000,000) consists of evidences of debt in some form—mortgages or personal securities. The corporation tax is mainly on real capital; the bank tax, of course, is so only to a small degree. Ruling on the larger side rather than on the minimum, the capital of Massachusetts does not exceed $1,000,000,000 for 1,652,000 people. That is $600 a head in round figures. In addition to that there would be mechanics' tools and stocks of goods on the way to the consumer, on the shelves, and in the shops, and a few other comparatively insignificant items which would not add very much to the valuation or alter the conditions very much. These valuations were in currency at a time when there was a premium of from 10 to 12 per cent. on gold.

On the other hand, the annual product of Massachusetts in manufactures was $592,000,000; in fisheries, $7,700,000; in agriculture and mining, $43,500,000; aggregating $643,000,000 in currency. Of course there is in this computation a large duplication of cloth and clothing, of leather and leather goods, and the like. There is also a very large omission which represents work done in the year, and productive work, to wit, the household work, on which no price can be put. But, after consultation with Mr. Wright, and after looking it over with the utmost care, we reached the conclusion that the actual original value of the natural product of Massachusetts was $300 a head, so that the sum of saved labor in the richest State in the nation, in ratio to the population, is two years' work. If you want to be perfectly safe, cut the production in half, call it $330,000,000, then you have three years' gain; and that is all that you have.

That illustrates the proposition that the law of progress is the destruction of capital through invention and discovery, that nothing old is useful, and nothing useful is very old; that there is nothing so fluid as fixed capital; nothing that requires such constant change in order to keep up with the discoveries and inventions of the day. The most striking example of that is the analysis made by Mr. William A. Burke, of Lowell, in one of the cotton mills of Lowell, as between the dates of 1838 and 1876, by which analysis it appeared that a cotton mill in 1838 (being a piece of very fixed capital to the eye and the imagination) required 231 persons, working thirteen hours a day, to yield a given product of commodity; and that, in 1876, what passed from the same mill required the work of 90 persons working ten hours a day to produce the same quantity of cloth. But of the original mill there is nothing left but the foundation. It has been changed entirely, I think, more than once. Yet it is the same capital to the mind, and it is the same corporation. It has always been successful, and it has always done its work well. Its product has been mainly exported.

Now the idea of most of the advocates of what is called labor reform is that the prosperity of a community consists, to a vast degree, in this accumulation of things constituting capital, whereas the welfare of the community consists far less in that accumulation of things than in the distribution of the product of that capital. It is the quick distribution of the production of capital and labor that constitutes the welfare and prosperity; and capital has a value either to its owner or to the community only so far as it promotes ample production and quick distribution. Now, if the work of 200 years has resulted in the saving of two or three years of labor, there cannot have been any great duress or hardship on those who did the work of that accumulation. It must have consisted in the gradual accretion of a very small part of each year's production.

In order to trace that out and see what is the distribution to-day between labor and capital, I take the same example of the cotton industry in the United States as a great concrete example. The consumption of cotton in the United States for the year ending September first was about 1,550,000 bales. That was consumed by about ten and a half millions of spindles, these ten and a half million spindles representing an amount of concentrated capital in great mills and works which affect the imagination, which appear to be masses of wealth that the poor can take little interest or share in, and never expect to enjoy very much of. Now let us see what the work done is. The capital in the ten and a half millions of cotton spindles, at a fair valuation, to-day is just about equal to the annual product. That is, supposing the ten and a half millions of spindles, at $12.50 a spindle, to represent $130,000,000 capital, the actual product, at the present market value of goods, is also just about $130,000,000. The proportion of capital in cotton mills is very large in ratio to the value of production. These old mills are not worth as much as my estimate; new mills would cost more.

The CHAIRMAN. That does not differ much from the iron works.

Mr. ATKINSON. No. The rule is about the same in regard to all these large undertakings. Now $130,000,000 capital is applied to the doing of a certain work, and to the making of a certain product. Who gets that product? How is that product divided as between the laborer and the capitalist? The first element in the production consists of 1,550,000 bales of cotton. This, at five bales to the hand, represents the labor of about 310,000 laborers—if evenly divided among them, according to their relative skill and ability to work—and, at ten cents a pound (last year's price), aggregates $75,000,000. The labor of the mill comes next, and (on the average in this country) costing six cents a pound, it amounts to $35,000,000, divided between some 120,000 and 140,000 laborers in very even division. The next items of cost are the oil, starch, fuel, supply-materials, the materials for repairs, the insurance, and the taxes. So far as concerns the materials (consisting of things that are raised all over the country), they do not represent sources of great fortune, but represent a division among another large number of laborers—fifteen and a half million dollars divided between forty or sixty thousand laborers. You have then got to a cost of about $125,000,000, divided among five or six hundred persons. Now you have got left, under an ordinary, normal condition of affairs (not under the condition of these late years), a possible profit of 10 per cent. At a profit of 10 per cent. that business would increase with great rapidity. That would represent a setting aside out of the annual product an estimated profit of $12,000,000 to $13,000,000, against $125,000,000 already distributed among laborers, in very even proportions. But, when you have got your 10 per cent. into the hands of your capitalist, he has to pay out, for depreciation and extra charges (in a normal condition of affairs), 4 per cent. at least, leaving in the hands of the capitalists who own these factories, 6 per cent., or about $8,500,000. Yet that sum does not remain for luxurious consumption or for wasteful expenditure, but is, through the pockets of its owners, distributed largely in very even proportions among their domestic servants, and among the people who furnish the subsistence of their families. And when you come to the last analysis you cannot find a remainder exceeding 1 per cent. that goes to any sort of luxurious consumption, or to the accumulation of wealth that is not in its nature productive. And it is also the sum out of which an increase of capital in cotton spinning must come. In a normal condition of affairs, unless at least 3 per cent. of the annual product of cotton mills can be set aside for the construction of new factories, a scarcity of cotton goods would soon ensue.

After an interval Mr. Atkinson resumed as follows:

I had brought the distribution or wholesale values of the product of capital invested in cotton spindles down to a point in which I had attempted to prove that labor, in one form or other, by one way or other, receives ninety-nine per cent. of every year's product now, in proportions not varying very much one from another, and that the increment which goes to luxurious consumption, or to the creation of wealth not of a productive character, does not exceed, and cannot in the nature of things exceed, one per cent. The same rule applies to the distribution of this wholesale product at retail. The value at wholesale price, you will remember, was about $135,000,000 on an assumed investment (not now worth its cost) of $130,000,000 of capital invested. A distribution

at retail that would yield to the distributor ten per cent. would be eagerly followed and that kind of business would vastly and rapidly increase.

Suppose we charge the wholesale value with ten per cent. for distribution by the retail shops, that would make thirteen and a half million dollars. Who gets that? Stewart and Claflin do their business at a net profit of less than one per cent. on the aggregate, so far as staple cotton goods are concerned. The wholesale distribution of the wholesale product is compassed at a cost hardly exceeding a broker's commission; and the cost of final retail distribution does not go to capitalists or to wealthy men, but is diffused in the small country shops in small sums through the employés of the shops. And again it can be demonstrated that of this retail distribution nine-tenths goes to those who depend upon each year's work for each year's subsistence, substantially. So that, in one of the great experiments of concentrated capital it is impossible to trace more than one part in a hundred that is not to-day distributed among people whose subsistence depends mainly upon each year's work. And the rule which obtains in respect to this branch of industry obtains doubly in respect to the average manufactures (taking Massachusetts as the example). Why? Because in manufacturing (specifically so named) in Massachusetts the capital is $282,000,000, and the value of the product is $592,000,000. Take it in a large way and the value of the product is twice the value of the capital. Therefore, if capital can secure five per cent. of the product for its primary share, distributing 95 per cent. among laborers to induce them to do the work, it gets ten per cent. on its capital; and at ten per cent. on capital the business will increase very rapidly and give employment to a large additional number of laborers. So that it seems to me that this idea of communism artificially promoted, or the redistribution of product promoted by acts of legislation, is most absurd, for the reason that it would lead to contentions not between the laborer and the capitalist but between different classes of labor as to the respective share which each should get out of a given occupation.

Take that list of the occupations of the people of Massachusetts (1,650,000 in number), most of whom are at work about something, and you will find that the variation of distribution of this enormous product (of which, I have said, ninety-nine parts now go to people who work for their living and one part only to the wealthy for the accumulation of wealth) is strictly according to the intelligence, the industry, integrity, and ability of those who do the work. You find the highest rate of distribution in some higher branches of the mechanical arts. You find a less and less rate as you get down towards labor that is merely automatic, and you finally land at the lowest rate, of the digger and the delver, who is limited to that work by the want of capacity to do anything else. Hence I have thought that it was of the most importance to draw out the fact of this extremely insignificant proportion of capital to labor; and, therefore, it is of the utmost importance justly and rightfully to give to capital the opportunity to accumulate, in order that it may increase the abundance of things to be distributed among the laborers with whom it is associated and whom it assists in doing the work which constitutes the welfare of both.

As I said, the point to be observed is that, as time goes on, a less and less proportion of the population is required for the lower grades of drudgery that afford no mental stimulus, without which even leisure becomes of no value; I say as a less and less proportion is required, because machinery is set to do that drudgery, there is a gradual steady lifting toward a common diffusion of products on a plane that gives a fair subsistence, and a constantly better and better subsistence as the centuries roll on, to each and all; and by this lifting of the middle masses (the middle region, so to speak, of the social order), making room for a class below that would starve and die if they were not thus lifted up from the ordinary common labor of life.

I was forced into this investigation by a little contention that I once had with Wendell Phillips, who alleged that the property of the United States, by the last census, was $30,000,000,000; and that the reason why it was not $500,000,000,000 of capital was that the capitalist, by charging interest at the rate of six per cent. or more (while production increased at the rate of only three per cent.), had prevented its accumulation; and that, if law had interposed and had prevented the rapacious capitalist from absorbing (through a high rate of interest) an undue share of the products of labor, the accumulations of substance would have been so great that everybody would have had more, and that no one would be obliged to do much hard work.

The CHAIRMAN. Have you stated what your idea is as to the proportion of capital to actual production in the course of the year?

Mr. ATKINSON. I have stated that, in the whole manufacturing and mechanic occupations in Massachusetts, the capital is $282,000,000, and the product $592,000,000.

The CHAIRMAN. Then, if capital got six per cent. and if there was only an increase of three per cent. of the accumulation of capital, that would practically give all the accumulation to the capitalist?

Mr. ATKINSON. Yes. These figures which I have given on the cotton mill are proximate. I have said that all the accretion of wealth that is luxuriously expended consists of one per cent. Capitalists have not received anything like that in the last few

years; but that may be the normal condition. You find that the same ratio holds in regard to persons that holds in regard to the distribution of the product. You cannot find in the list of the population of Massachusetts one per cent. of the population that can, in any sense, be set down as wealthy persons. You find a larger and larger proportion, as the years go by, that have saved something, by which they can give their children a better start in life than they had themselves. But of those who can be said to have accumulated capital, on the income of which they can thereafter live without work, or which they can leave in trust so that their children may be spared the healthy stimulus of prospective want, there is not exceeding one per cent. in any State where the articulations of society are free, and where there are no artificial modes of accretion compassed by act of law.

We have assumed an accretion of wealth from the cotton industry in a normal condition of one per cent. on an outside retail value of $150,000,000 per annum. Suppose we double it and call it $3,000,000. Now suppose that the $3,000,000 had been set aside as this fund of wealth, and suppose that it was divided and not held out as the boon for the exertion of the brain in establishing all these great enterprises, but was divided annually among those 500,000 or 600,000 persons who received the other ninety-five to ninety-eight parts, it would amount to just five or six dollars a year for each of them. That is a fair example; because, in that branch of industry, the capital required is equal to the annual product. These figures are proximate, but they fairly represent true facts; the truth being that the true product of labor is more widely distributed than I have named, and that the sum of luxurious expenditures is less than the figures which I have given. On the other hand, the moment that the net profits of the capitalist become more than six per cent., business will increase, wages will rise, the price of cotton will advance, and the additional sum to be distributed among the working men and women will be far greater in proportion than the sum contributed by capital. Suppose an additional two per cent. profit on capital in cotton fabrics to warrant an increase of only two per cent in wages or earnings; then for every million of dollars absorbed by capital, labor will secure ten to twenty millions. You cannot get away from that ratio for any long period. The moment you get excessive profits in any occupation you promote a rush of capital into that business which brings the profits down to the average.

There is a rule stated by Bastiat which will fully cover this point. It is, that in proportion to the increase of capital the absolute share of the profit of capital is increased, while the relative share is decreased; whereas the share falling to the laborer is increased both absolutely and relatively. Now how is that one per cent. created? By the busy brain and hard mental work of those who increase the capital and thereby increase the aggregate of things to be divided among the laborers. And what they, the capitalists, do secure to themselves is not secured out of the labor which they compel men to perform, but out of a small proportion of the labor which they save men from doing, and which would otherwise be necessary to be done.

I think that the case of Vanderbilt and the New York Central Railroad is the best example of that principle that can be had, because he, by name, is the exponent of the fortune which, in the common minds of the community, is considered the most obnoxious. Now, in what manner and by what method has that fortune been accumulated? By the applying of his mind, his brain, and his skill to reducing the cost of transportation, until, by means of the railway service of the New York Central and its connections, this has happened: A barrel of flour and a barrel of pork constitute the crude material of the subsistence of an adult mechanic in Massachusetts for one year—constitute that part of his subsistence which can be brought in bulk from distant points. At an average rate of freight of five dollars a ton the subsistence of an adult mechanic in Massachusetts (consisting of a quarter of a ton) is moved from Chicago to Boston, a thousand miles, at the price of a dollar and twenty-five cents, sometimes less. One dollar and twenty-five cents is said to pay a profit to the railroad for doing that work. That is, one day's labor of an ordinary laborer or mechanic, on the specie basis, when employment is reasonably certain. It is half a day's labor of a good carpenter in ordinary times when building is tolerably brisk. Therefore, the function of Vanderbilt has been to eliminate distance and to abate friction; to bring the western farm near to the eastern mechanic, and to save that eastern mechanic from the arduous labor which he would otherwise of necessity be obliged to exert in order to procure his subsistence in any other way. Therefore, I say that the fortune of Vanderbilt has been accumulated out of the saving that has been compassed by the capitalist to the laborer, and not out of any labor which the capitalist has compelled that laborer to do. And what holds good there holds good throughout the whole of society.

The CHAIRMAN. Of which saving the laborer got the greater part.

Mr. ATKINSON. Of which saving the laborer got ninety-nine parts where the capitalist got one. And there are scarcely any fortunes (except a few made by gambling in Wall street and in bonanza stock, that are infinitesimal in proportion to the great aggregate of fortunes in the community) that are not compassed by the same means. So that it may be said by the man who does his work honestly and rightly in produc-

tive enterprises, and who grows rich out of it and obtains a great fortune, that the dollars which are placed to his credit on his business ledger are the sure tokens of the service which he himself has rendered to his fellow-men, and not of the service which he has compelled them to render to him.

The CHAIRMAN. That is admitted by intelligent men on the other side. They admit that Mr. Vanderbilt cheapened the cost of commodities to the community; that Mr. Stewart built up his great business on the same principle, and contented himself with very moderate profits. But they say that if Mr. Vanderbilt or Mr. Stewart had paid a little higher wages to the men whom they employed they would not have been so rich themselves, and their employés would have been better off. And the grievance is that so much of the savings did remain to Mr. Stewart and Mr. Vanderbilt, and so little of it was apportioned among their immediate and direct employés. In other words, it is said that they did not divide fairly with those who directly contributed to their wealth.

Mr. ATKINSON. Which statement I counter by the statement here made, that they did divide ninety-nine parts of the hundred in the transactions which they entered upon (whether of production or distribution), and that the one part which they retained constituted the fund out of which they have built works of art and architecture, and other things which constitute the wealth of the community, as much as of individuals.

The CHAIRMAN. The answer to that is that the community would prefer to have comfortable homes and houses rather than galleries of art and fine architectural structures, and that if Mr. Stewart and Mr. Vanderbilt had given more to those whom they employed directly, there would have been less money for the purposes described, but still Mr. Vanderbilt and Mr. Stewart would have been abundantly rewarded by having ten or twenty millions of dollars, instead of one hundred millions, at their death; in other words, that the one per cent. might have been brought down to one-tenth of one per cent. and still that they might have gone on, and that the great mass of the people employed by them would have been better off.

Mr. ATKINSON. To that I reply that the tendency of all modern commerce, all invention of improvements, has been to reduce the great profits of adventure from the large per cent. of olden times down to the brokerage of to-day; and as to the commerce of to-day, that there is a constantly leveling tendency, through the doing of a large business, to the decrease even of that percentage. Is not that true?

The CHAIRMAN. I think it is; and, as a matter of fact, the opportunities now to make those great fortunes in the way that Vanderbilt and Stewart made theirs, are not so great as when they undertook to make theirs. Is not the laborer, as a rule, getting to-day the whole proceeds of industry in the United States?

Mr. ATKINSON. As a rule there is no question about it at all. The laborer is getting the whole proceeds, and the capitalist nothing or next to nothing. Some few capitalists are gaining, but more are being depleted.

The CHAIRMAN. On the subject of those great fortunes that have been complained of so much before us, I would like to ask you a question. Suppose that all the fortunes which may be termed great (greater than a million of dollars) in this country were distributed over the mass of the people, can you form any idea how much each person would get?

Mr. ATKINSON. Not much. People might realize that they got a little more spending-money for a single day, and that would be the end of it.

The CHAIRMAN. Do you think that it would amount to ten dollars apiece?

Mr. ATKINSON. No; I do not think it would, if evenly divided. That would be nearly five hundred million of dollars; and I do not think that you can find five hundred million dollars of great fortunes in the United States.

The CHAIRMAN. We would contribute greatly in New York by the estates of Astor, Vanderbilt, and Stewart.

Mr. ATKINSON. If you leave out those exceptional estates, the rest would make up very slowly. It would be like a subscription list, starting out strongly at the head, but petering down very fast as it comes to the end.

The CHAIRMAN. When those great fortunes are once accumulated by this process, is there anything to prevent the perpetuation of those fortunes—anything that legislation can do to promote their distribution? For instance, you observe that Mr. Vanderbilt gave the bulk of his fortune to one of his sons. Now in France that fortune would have been distributed among the ten or a dozen children. Can we introduce into this country any different policy with reference to the distribution of fortunes?

Mr. ATKINSON. I do not think that we can. I think that, in that particular case which you mention, the concentration of the fortune of one person happened rightly, for the reason that he was the only man who could continue to do the service to the community. Whereas, if the fortune had been distributed more widely it might have resulted in a far less effective working of the system of transportation. The community would have had to pay the price.

The CHAIRMAN. You are generalizing from a single case. I am on the great question whether it is desirable for a community to have great fortunes perpetuated in

single hands. Take the French experience, for example, where fortunes have been cut up—has it not resulted in a better condition of things in France than has taken place in England, or in this country, where the reverse rule prevails? The Code Napoleon absolutely broke up the great estates in France, and compelled a division.

Mr. ATKINSON. My mind has rather run in the direction of less restriction on bequests—I can hardly name it restriction; I mean less provision for the perpetuation of fortunes, rather than more provision for their diffusion.

The CHAIRMAN. You admit that the community has a very direct interest in the ownership and control of wealth?

Mr. ATKINSON. The community has a great interest in the fair distribution of the fortunes accumulated by individuals, that they should be rapidly diffused. I do not believe that you can compass that by a law, regulating and compelling the distribution, but I think that there will be some acts of law passed in the future to prevent accumulation in the hands of trustees.

The CHAIRMAN. In England you have one policy pursued, that by which great estates are absolutely perpetuated. In France you have the opposite policy, positive enactments by which great estates are divided up. The question is, which policy is best for the community, or whether it would be best to have no policy at all on the subject. Would you be in favor of adopting one of those two policies?

Mr. ATKINSON. I should incline to no policy at all, leaving it perfectly free to every individual to do with his fortune as he chose, subject to this, that there should be no existing law by which he could compass a perpetuation. I think that everything should be done to discourage perpetuation. I think that we may have gone even too far in the protection of spendthrifts by trustees.

The CHAIRMAN. Then your present policy would be to extend the present doctrine in this country which favors the distribution of property?

Mr. ATKINSON. Unquestionably.

The CHAIRMAN. But you would not do anything to compel the parent to divide his large estate up equally among his children?

Mr. ATKINSON. No; I think we would run across other dangers there. I would only prevent his perpetuating it by a possible limitation of the present power of creating trustees.

Mr. RICE. Would you do anything to prevent the acquisition of large fortunes? Would you set a limit beyond which the acquisition of property should be taxed very heavily?

Mr. ATKINSON. No; I think that that is absurd.

Mr. RICE. What would be the result of that?

Mr. ATKINSON. Just what happened in the Middle Ages, when they tried to prevent the Jews from accumulating great fortunes, and when the Jews only grew the richer. The more you try to prevent it the more opportunities you give to accumulate fortunes in a hidden way.

Mr. RICE. Here is Mr. Cohen (a former witness before this committee) who thinks that the government should tax any fortune beyond a million dollars.

Mr. ATKINSON. Then a man would conceal the fact that he had it, or else he would remove it elsewhere.

Mr. COHEN. I should judge that that follows from the gentleman's own argument. He is in favor of the distribution of large fortunes, and that being the case I should think that the taxing of large fortunes would bring about distribution.

Mr. ATKINSON. I said that I was in favor of the distribution of large fortunes by the natural order of events, not by the interposition of law; and I think that anything in the shape of a differential taxing is one of the most obnoxious and dangerous propositions that can be entertained.

Mr. RICE. It would either cripple a man's energies, or——

Mr. ATKINSON. Or sharpen them to evasion.

The CHAIRMAN. You would do nothing, therefore, to perpetuate large fortunes, and you would do nothing to restrict the control of individuals over them?

Mr. ATKINSON. That is my position exactly.

Mr. COHEN. In regard to the distribution between labor and capital, I hold that seven-eighths go to the capitalist and one-eighth to the laborer. The gentleman (Mr. Atkinson) says that ninety-nine parts go to the laborer and one part to the capitalist. Then I ask the question how it comes that, if the capitalists have the smaller proportion and the laborer the larger proportion, the capitalist accumulates millions while the laborer has nothing to eat?

The CHAIRMAN. If you go to Trenton where we have iron-works you will find 400 workmen who own their own houses and their own furniture, all of which were bought out of wages paid at the iron-works conducted by Cooper & Hewitt. Cooper & Hewitt themselves have never had one dollar out of those iron-works. They have been run for the benefit of the workmen. And that is the result of thirty years' business.

Mr. COHEN. That may hold good in that case; but how does it come that Cooper & Hewitt have any money left?

The CHAIRMAN. Ninety-seven per cent. of other iron-works are not as well off as Cooper & Hewitt. Ninety-seven per cent. of all the iron-works of the country have been sold off by the sheriff, and the original owners have nothing left; but the workmen have the property which they accumulated.

Mr. COHEN. Then Cooper & Hewitt have been good friends to the workingmen.

Mr. RICE. There was no charity about it.

The CHAIRMAN. No, there was no charity about the business. We paid the current wages, that is all.

Mr. COHEN. How comes it now that the Astors, the Vanderbilts, and the Stewarts have amassed vast fortunes, when the largest part of the profits goes to the laborers?

The CHAIRMAN. Mr. Stewart did a business of one hundred million dollars a year. One per cent. profit on that is one million dollars a year. But if he took seven-eighths, as you suppose, then he would get eighty-seven million dollars a year. Now, one million dollars a year builds up a large fortune.

Mr. COHEN. If a man makes such a large fortune on such a small percentage, it would be no incumbrance upon him to have a tax placed upon his immense fortune.

The CHAIRMAN. He is taxed upon his fortune; but, if you undertook to put a differential tax, the result would be that he would move out his surplus to some other country, or else not exert himself to do the work.

Mr. ATKINSON. I want to make one statement in regard to yesterday's conversation lest it might be misconstrued. That is, I wish to make a personal explanation in regard to the tariff. I did not expect to be drawn into a discussion of the theories of protection and free trade, because I think that they are for the time being aside from the main issue. I did not wish, either, to appear to have changed my convictions as to the true theory in the matter. When one is reaching convictions on any one branch of this subject he is very apt to exaggerate the importance of that particular branch; and I think that we who have promoted the free-trade agitation during the past eight or ten years have clearly exaggerated the importance of that issue. That has been proved by the fact that disaster has appeared to strike all nations alike, whatever their tariff policy may have been, indicating that there are industrial forces at work in the world of which a tariff policy is only one, and possibly not the most important.

In regard to changes in the tariff policy of the country, I should, even as a free-trade advocate, not advocate great revolutionary changes in a time of industrial convulsion. This is the very wrong time for any such change. There are modifications to which all alike might consent, which might be wise; but a great change of policy would be extremely unwise when all the conditions of our trade and commerce are as uncertain as they are to-day. Hence I think that the less discussion there is had in regard to these theories at the present moment, the more likely we are to get some modifications which may be useful to all, and may be consented to by all.

The CHAIRMAN. You would like to take out of the tariff the impediments in the way of the prosperity of manufactures?

Mr. ATKINSON. Unquestionably; and I think that we might learn a lesson in that regard by the course followed in England in 1842, when Sir Robert Peel's great measure of changes consisted in the treatment of a very small part of the schedule of duties which were simply impediments, the removal of which so inured to the prosperity ensuing afterward that there was less and less opposition to further changes in the same direction; but they were made so gradual, and so justly, and on such a uniform consideration of all the conditions of the times that they conferred benefit without disaster, even to those who dreaded change the most, until at the end tariff legislation simply came to be the ordinary legislation in regard to affairs without great contention. Therefore, I say that this is no time for heroic methods, but for extremely cautious and gradual ones. What the country now needs is stability in the currency and freedom from the excessive legislative changes in other matters.

The CHAIRMAN. And you think that nothing in the way of legislation now can alter this equalization in the way of labor that is going on, and that if one nation pays higher rates of wages than another it is because it has superior advantages?

Mr. ATKINSON. Yes.

The CHAIRMAN. Carrying out that doctrine in regard to this country, would not that lead to the gradual transfer of cotton manufactures from Massachusetts to the South, where the cotton is grown; where there is good water-power which does not freeze up, where there are abundant natural resources, and where there is a population that can be used for tending machines. Machinery having reached the point where the machine itself is the great thing, and where the laborer is merely the attendant on the machine, do you not think that there is some danger of the transfer of cotton manufactures from New England to the Southern States?

Mr. ATKINSON. I do not.

The CHAIRMAN. What is the reason? There would be a great saving in transportation.

Mr. ATKINSON. There would be a saving in transportation, but I do not think that the climate of the South, or the condition of the Southern States, is consistent with

the kind of labor necessary to be done in the cotton trade. In other words, I think that cold stimulates, and that you cannot maintain the persistent hours of labor (ten hours a day for three hundred days in the year) in the comparatively enervating climate of the South.

The CHAIRMAN. Is not the machine a stimulant?

Mr. ATKINSON. Yes; but the attending of that machine is not.

The CHAIRMAN. Do you think that the negro is unfit for machinery?

Mr. ATKINSON. He is entirely unfit at present. We cannot tell how he may devlop.

The CHAIRMAN. Suppose that the Chinese come here in great numbers and are employed in that business?

Mr. ATKINSON. That is a supposition so far off that it is not worth while to consider it. You and I will be dead before the Chinese come here. Moreover, for this generation and the next, the transfer of a great industry requiring capital to the amount of twice the annual product is not to be considered, when the South has first to furnish itself with the wagon-maker, the stove-maker, the shoemaker, the harness-maker, the mechanic, and the workmen in the vast variety of small occupations which build up communities and towns, constituting the diversity of occupations which require very little capital in proportion to the product, and in which that capital is turned over four times a year in the payment of labor, instead of once in four years as in cotton-mills. The modern cotton-mill and the woolen-mill are the growth of a century of industrial civilization.

The CHAIRMAN. Suppose I determined to-morrow to put a million dollars in the cotton business. I have not got a factory anywhere, and I can get the best cotton-machinery by simply ordering it. I go down in the Southern States near the cotton-fields and near the coal-fields where I can have a motive power that costs nothing and that never dries up. I find a population there that desires to work; young people suited to go into the factories, and having no other occupations. Is there anything to prevent my putting my million of dollars there with a certainty that I will get more profit than if I planted it in New England?

Mr. ATKINSON. The margin of profits on which cotton factories work is a quarter to half a cent a yard, and the difference between a population that has been trained, like the Canadians and the New England population, for years to the kind of occupation of which the cotton factory forms part, will make it different.

The CHAIRMAN. You brought your Canadian population in very recently and educated them to this business.

Mr. ATKINSON. The Canadian population has been accustomed to the hand spindle and loom for centuries. They take to machinery as a duck takes to water, and our common school is the solvent of race, creed, and nationality. The child of the immigrant, trained in the same school with the Yankee boy and girl, soon develops the same mobility, versatility, and power of adapting himself to new conditions of life.

The CHAIRMAN. Is there anything in the present cotton-mill that requires anything more than the crudest and rudest form of labor?

Mr. ATKINSON. Yes; it is a work requiring very nice manipulation. It is not an occupation that requires brain-power, but it is one that requires extremely nice adaptation of fingers to the work.

The CHAIRMAN. Are not the southern cotton manufactories at present more prosperous than the New England manufactories?

Mr. ATKINSON. No. Here and there is a prosperous cotton factory in the South. But they will mostly have to go through the sweating process. I do not look for any increase of cotton manufactories in the South equal to the increased demand in the South for cotton goods for a long time to come. Moreover the cotton factories require to have the machine-shop adjacent. It requires all its surroundings to work right up to it. It requires the paper-mill, to take its waste, right alongside of it. It must grow with the growth of fit conditions; it cannot be extemporized and planted here and there in isolated places.

The following questions by Mr. Dickey were submitted in writing, to be also answered in writing:

You have stated that *inflation* of the currency was one of the causes of depression in business. Please explain *how* this was so.

Was not *contraction* of the currency in this country one of the causes of depression, and what was the necessity of contraction?

As inflation and contraction were each brought about by legislation, and it is believed had much to do with the present depression of business, will it not require further legislation to restore confidence and prosperity, and, if so, what should be the nature of such legislation?

How much money or circulating medium ought there to be, in this country, *per capita*, to insure confidence and prosperity? What is your judgment as to the amount *per capita* in dollars?

Mr. ATKINSON (in reply to Mr. Dickey). Inflation of the currency, or the issue of a larger amount of what was made by law to be lawful money, caused an advance in the prices of all commodities. The changes in prices caused speculation in various articles, not on the ground of any prospective change in the supply of or demand for the articles, but on mere chance or gambling. Sudden fortunes were made by those who had not worked for them, or by those who chanced to have stocks of goods in hand on the rise. Then came the time for action for the promoter of railways that were not needed for years to come—some of them never needed. The credulous public took the bait, demand ensued, and labor was in larger demand, iron rose in price, iron-works were built in places where they had no right to exist. At one period of the railway mania, in the year when about 7,000 miles of new railways were built, the demand for iron for rails, cars, and engines I estimate to have been equal to the capacity of one-half the iron-works of the United States. The demand of the railway builders and of the iron-works and machine-shops created a demand for coarse woollens and for farm products. During the four years of railway building preceding 1873, when 20,000 miles of railway were added, the investment, at $30,000 per mile, counts up $600,000,000, or $150,000,000 a year of 300 working days, equal to $500,000 per day. Added to this was the universal extravagance in municipal buildings and works, mostly based on borrowing.

During all this time legal contraction of the currency had ceased; the payment of the debt, that by every principle of law and equity was due on demand, had been forbidden; the promise of the nation that it would pay coined dollars was a lie, and like all lies it worked deception, corruption, fraud, and disaster.

The short period during which Secretary McCulloch had been wisely allowed to pay $4,000,000 per month of the demand-notes had caused no disaster or depression; it only scared fools and warned knaves that their chance to play upon the credulity of the public would soon close.

Then—in 1867, '68, and '69—it was written by myself and by others that if the contraction of the currency did not come by voluntary legislation, it would come by involuntary bankruptcy, as it did come in 1873 and has come since, in the surrender of circulation by banks that could not use it, in the withdrawal of legal-tender notes, in part by cancellation, but largely by disuse. In the mean time the currency of the old States has been contracted by the extension of the people into Kansas and Texas and the Northwest and other distant points, where more notes have been needed in proportion to the population because of the absence of banks.

In answer to the question what further legislation is needed to restore confidence and prosperity, I reply that the most useful act of legislation would be the repeal of the present stupid silver bill, a bill that meets the support of no intelligent bi-metallist or mono-metallist, but is purely an abortion—either that or an act making all silver coins redeemable in gold coin. The latter would be the true course, because it would give us a unit of value, and all the coin of the country, small and great, would become a common measure of value based upon the metal—gold—that has proved to be the most fit and just standard of value.

I might add, the repeal of the act making United States notes a legal tender, but that is too much to expect; for this we must wait the action of the Supreme Court, before whom the legal-tender function of a re-issued note will soon be brought. It will be observed that this is a new question, on which no adjudication has yet been had.

Mr. DICKEY. How much money or circulating medium ought there to be in this country, per capita, to insure confidence and prosperity; what is your judgment as to the amount per capita in dollars?

Mr. ATKINSON. Just as much as the business of the country and the demands of the people call into use. The circulation of true money—that is, coin or bills convertible into coin—adjusts itself to the business and uses of each country or State. No legislature can fix the amount or decide on what is adequate. The amount will vary in every State in the Union, and in every month in the year, in each and every State. Twice as much may be used by 800,000 people scattered over the bread fields of Kansas, where banks are few, as may be called for by 1,600,000 people in Massachusetts, where banks are numerous and all small tradesmen are in the habit of using them.

I think it would be about as wise for Congress to legislate on the basis of an assumed per capita amount of circulating money being needed to assure confidence and prosperity as it would be to legislate as to how many tons of coal each locomotive-engine in the land should consume. Congress could as easily compute all the grades to be surmounted and all the loads to be drawn by the locomotives, and thereon prescribe the amount of fuel needed by each, as it can compute the money or circulating medium adequate to the wants of trade. Let Congress confine itself to its only function of certifying by the mint-mark the weight of precious metal in each coin, and trade will quickly furnish itself with the quantity of coin adequate to its needs. The quality of the coin is the only matter within the power of Congress to fix by its certificate of weight; it can only work mischief and disaster by attempting anything more.

VIEWS OF MR. JOHN O. EDWARDS.

WASHINGTON, D. C., *December* 18, 1878.

JOHN O. EDWARDS appeared upon the invitation of the committee, and, in response to the chairman, stated that his residence is in Allegheny City, Pa.; that he is an American citizen, and was born in Wales.

The CHAIRMAN. How long have you been in this country?

Mr. EDWARDS. Twenty-five years.

The CHAIRMAN. In what business have you been engaged during that time?

Mr. EDWARDS. In the iron business; I have worked in the iron business for the last thirty-two years.

The CHAIRMAN. You worked at it, then, before you left Wales?

Mr. EDWARDS. No; I began in Scotland, having gone there when I was ten years old.

The CHAIRMAN. Give, briefly, the successive occupations in which you engaged in the iron business.

Mr. EDWARDS. I began with working at what we call in this country a "run-out," or "refiner." I worked at that until I was eighteen years of age. Seeing that that work was dying out, I chose puddling as my special branch of labor because there were more chances of getting occupation at that than at any other branch of work of that kind in the iron business. I could get a dozen jobs in puddling when I could not get one at rolling. In the spring of 1854, being then very young, not twenty years of age, I came to Wheeling, Va., and then commenced puddling there, beginning with working a furnace. I remained there three years, or until the spring of 1857, and from there went into Kentucky, where I remained and worked at puddling at Covington and also in Cincinnati, Ohio; continuing thus employed, with the exception of three years that I spent in the Army, until the spring of 1873.

The CHAIRMAN. You served in the Army in the meantime?

Mr. EDWARDS. I served in the Army from 1861 to 1864. I came to Allegheny City in 1873, and changed my labor by taking a situation as puddling-manager in Allegheny City, which position I held until very recently, having retired from it only a few months ago.

The CHAIRMAN. Are you employed now?

Mr. EDWARDS. Not at present.

The CHAIRMAN. Are you seeking employment?

Mr. EDWARDS. I am.

The CHAIRMAN. In the same kind of business?

Mr. EDWARDS. Yes, sir; or at something that I can do.

The CHAIRMAN. At something you are qualified to do?

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. Of course this long experience of yours has made you very familiar with the trials of workingmen there, as well as their enjoyments (I suppose they have, like the rest of us, both), and you know something about the organizations which workingmen have made with reference to wages and labor?

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. Have you ever been connected with any of them?

Mr. EDWARDS. Yes, sir; I was connected with the Boilers' Union of the United States from August 20, 1864, until I became a puddling-manager; and then, of course, I had to retire. They do not allow any foreman to belong to them; that is, they have not of late; they did formerly.

The CHAIRMAN. Will you explain what is meant by the Boilers' Union?

Mr. EDWARDS. The Boilers' Union of the United States is what was formerly called the United Sons of Vulcan. It is made up of puddlers and boilers; that is, of those engaged in a branch of business which represents the changes occurring in the manufacture of pig metal into wrought iron.

The CHAIRMAN. When you speak of the Boilers' Union, you mean to include all puddlers?

Mr. EDWARDS. Yes, sir; that is, their fore-hands; not the helpers.

[The attention of the witness having been directed to a definition of the terms, he explains that what is commonly understood by puddling is what is known as working dry, and that the meaning of boiling is working with cinder.]

Mr. THOMPSON. Each is a process of working iron?

Mr. EDWARDS. Yes. Formerly all the men so employed were called puddlers. That was when they used to refine the iron and it had to be worked dry. About forty or forty-five years ago they commenced boiling pig metal, and they have carried it on in this country more or less since. With few exceptions no refining has been done in this coutry since.

The CHAIRMAN. We do it still at Trenton; not for puddling, but for charcoal fires. You were then connected with this Boilers' Union, and were the president of it, do I understand you to say?

Mr. EDWARDS. I was president of it for three years. I was elected in 1868, and re-elected in 1869 and '70.

The CHAIRMAN. What is the object of the Boilers' Union?

Mr. EDWARDS. The object, according to our constitution (and we endeavored to live up to it), is to elevate the condition of the workingmen.

The CHAIRMAN. That is, of your own members?

Mr. EDWARDS. Of our own members, of course.

The CHAIRMAN. You did not propose to go beyond your own membership?

Mr. EDWARDS. Yes; to elevate the condition of our helpers also. At the same time to ask for nothing but what was right.

The CHAIRMAN. You proposed to do that by what means; by getting them more wages?

Mr. EDWARDS. No, not altogether that. To get what we thought a fair remuneration for our labor, at the same time to rub out a great number of evils that existed among ourselves resulting partly from our own indiscretion and partly from evils that had been forced upon us by employers in the past in the old country and brought into this country. I know that as workingmen we were subject to many errors; and that this was true to a greater extent than it is in a number of other trades. The iron-workers of this country at one time would all have been pretty well off if they had only carried on as they should have done.

The CHAIRMAN. That is, saved their earnings?

Mr. EDWARDS. That is, if they had saved not any great sum, but only a moderate portion of their income instead of wasting it. As most of you are aware, the iron-workers at one time did not have the advantage of an education as we have in this country now. In some places, of course, there were better facilities for that than in others. The iron-masters of England and Wales, I must say, did a great deal toward demoralizing the iron-workers of the world in this way. There, every large works had a large store, and in connection with that a beer-hall or drinking-house; and when a man would perform a certain labor over and above his ordinary labor, they would recompense him in drink. I am speaking now partly from hearsay and partly from recollection of the time when I was a child, when I saw a great deal of it. They would say to a workman, "John, we want a certain portion of work done, and we want you to do it in addition to your day's labor; if you will accommodate us we will give you a quart of ale," or "I will give you a half gallon of ale." That was the national drink. In Scotland they would call it a "wee gill."

The CHAIRMAN. Of whisky?

Mr. EDWARDS. Yes; of whisky. They would pay the man the value of the work, not in money, but in drink; and, as a consequence, the men came to look regular for their liquor. They would say, "We will all have a quart apiece," and after that would club together for another quart apiece. It finally came about that everybody thought a man could not work in a rolling-mill unless he had four or five quarts of ale a day. This custom was carried to this country, and followed here. Now we claim that since we organized the Boilers' Union we have done more to eradicate that evil than could have been done by all the temperance lecturers in the land.

The CHAIRMAN. In other words, you have encouraged self-respect and discouraged the use of intoxicating liquors?

Mr. EDWARDS. Yes; while the men were at work. One thing that I maintained was that no man could do his duty to himself, to his family, or to his work, in any branch of business, while under the influence of intoxicating liquors.

The CHAIRMAN. Is there any necessity in any branch of the iron business for the use of intoxicating liquors?

Mr. EDWARDS. No; there is not. There may be in cases of sickness, but ordinarily there is no necessity for it. I can take a glass of liquor with any man in this country; but I can assure you that I worked at the iron business for thirty-two years and never lost one heat nor one hour in my life from the influence of liquor. I made it a rule that I would never leave my work on any consideration, if only to go across the street, to take a dram of liquor.

The CHAIRMAN. One object, then, was to discourage the improper use of intoxicating liquors. What was your law?

Mr. EDWARDS. We had a rule—and I endeavored to make that a law and got it inserted in the constitution myself—that any man caught stealing stuff or found in an intoxicated condition should be punished. I will explain what is meant by "stealing stuff." Every puddler is allowed a certain allowance of metal with which to make a given quantity of iron, say so much to the ton, and that is wheeled in to him. In some instances, owing to carelessness or incompetency, the quantity allotted to certain men would prove insufficient for them, and then they would go secretly to the stock and steal more to make up their deficit. In that way they could make up their losses. The law prohibited stealing stuff, and also required that any man who would get intoxicated while at his work should be fined not less than one dollar nor more than five or be suspended or expelled, as the members should desire. You will say that we

could not always collect the fines. That is true. Then we did this. Suppose that you are our employer and that here is a man who was drunk at his work the other night. We have fined him one or five dollars. It may be his first offense. He will never pay it. We come to you and say, "Well, we throw him upon your hands, you can keep him if you like; we do not wish you to drive this man away, but he is in your hands; we have tried to make him quit this drunkenness, but he will not."

The CHAIRMAN. You did not insist, then, upon dictating to the employer what men should be employed in the mill?

Mr. EDWARDS. That never was my object.

The CHAIRMAN. But in practice has that been done?

Mr. EDWARDS. It has been. It was often done against my will as presiding officer.

The CHAIRMAN. Nevertheless it has been one of the abuses, that the men have insisted that particular men should not be employed; that they did not want a particular man to work any longer.

Mr. EDWARDS. I have seen that done, but the organization cannot be said to have been the cause of that. That is one of those prejudices that belong not to that trade alone but to all trades. Ostracism is not peculiar to any one branch of industry, but may be met with in all branches alike.

The CHAIRMAN. Then that formed no part of the constitution of the body of which you have been speaking?

Mr. EDWARDS. We could not do it. We dare not ostracise any man by a law of our own in that way.

The CHAIRMAN. When you say you "dare not," you do not mean to be understood as saying that there was any law on the subject?

Mr. EDWARDS. I mean to say that I could not go to work to deprive that man of his way of making a living. It would not be just nor right.

The CHAIRMAN. But there is no law to prohibit any number of men from saying they would not work with a particular man any more than there is to prohibit that man from saying he would not work with them?

Mr. EDWARDS. No, sir.

The CHAIRMAN. And there was no such prohibition in the constitution?

Mr. EDWARDS. No; I do not remember any.

The CHAIRMAN. Did any strikes occur based upon this feeling among the men that they would not work with certain other men nor under a particular foreman?

Mr. EDWARDS. Yes; there did during my administration.

The CHAIRMAN. From which cause?

Mr. EDWARDS. From both causes.

The CHAIRMAN. That is to say, the men refused both to work under particular foremen and with particular men?

Mr. EDWARDS. Yes.

The CHAIRMAN. How, then, could a strike originating from such a cause be authorized under the rules of the organization?

Mr. EDWARDS. Let me explain. The president of the organization could not authorize a strike. It required the vice-president or the deputy of the particular district or locality with the presidents of the local bodies in that neighborhood; they had the right to authorize a strike. When they had done that, then they might communicate that fact to the president of the organization.

The CHAIRMAN. If I understand you, the members of this organization, which was a national one, could not, of themselves, make a strike in a particular locality?

Mr. EDWARDS. No.

The CHAIRMAN. They had to apply to whom?

Mr. EDWARDS. To a vice-president or to the deputy of their district. Each locality working under particular prices for puddling, &c., was called a district, and the deputy of that district was an executive officer. The presidents of the several lodges within the district would communicate with the deputy of that locality before a strike would take place and be legalized. Then they would have to communicate with the president of the organization for the United States. Then, if the strike was unconstitutional, he could declare it so.

The CHAIRMAN. Did the strike ever take place before his decision was made?

Mr. EDWARDS. Yes; sometimes. On several occasions it did.

The CHAIRMAN. Then suppose he declared it to be unconstitutional, and that the strike should come to an end and the strikers would not stop, what was the practical result of that?

Mr. EDWARDS. It was that he would not aid them any.

The CHAIRMAN. That is, they would not get any contributions from the treasury?

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. From what fund were those contributions drawn?

Mr. EDWARDS. There was a protective fund created all over the United States by a *pro-rata* assessment.

The CHAIRMAN. That is, the men made contributions?

Mr. EDWARDS. Yes.

The CHAIRMAN. Have you any objection to stating what were those contributions?

Mr. EDWARDS. They were 20 and 25 cents a week or a month, as the case might be.

The CHAIRMAN. Whenever a strike took place you levied an assessment of a certain amount, larger or smaller, as the case might be.

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. I did not know but that you had adopted the English system of keeping up a regular fund.

Mr. EDWARDS. No; we did adopt it for a short time, but it did not work properly.

The CHAIRMAN. Was the assessment, when levied, generally paid?

Mr. EDWARDS. As a rule, it was generally paid.

The CHAIRMAN. When was your organization originally organized?

Mr. EDWARDS. It was originally organized in 1858, but did not get upon a solid basis until 1864 or '65, when it began to have a national system. We were all hard-working men, and of course it required some time before we could get to systematizing that thing and could get our papers and books in proper form.

The CHAIRMAN. Were there many strikes after your organization had assumed its national character?

Mr. EDWARDS. No; I believe we did more toward killing strikes than ever before had been done in this country.

The CHAIRMAN. In other words, you think that the effect of your organization was to reduce instead of to increase the number of strikes?

Mr. EDWARDS. Yes. I will give you my reason for that: We worked hard toward getting up a scale of wages which should be based upon the market price of iron. We worked upon that in Pittsburg for some time, and finally, after a good deal of struggling, we succeeded in having it adopted all over the West.

The CHAIRMAN. That is to say, you got the employers to agree with you, and to make the rates of wages paid by them in accordance with the prices of iron; in other words, to establish a sliding scale.

Mr. EDWARDS. Yes. It was proposed that we should have the rate of wages made as uniform as possible all over the United States. The object was not to increase wages so much as it was to secure uniformity; so that we would have less strikes in the future; and at the time at which the demand was made the effect was to decrease our wages to a certain extent. During the period of which I speak, some seven or eight years, we had less strikes than ever before.

The CHAIRMAN. Was the whole of that period of seven or eight years, running up to 1872 or 1873, a tolerably prosperous one?

Mr. EDWARDS. A part, but not the whole of it, was.

The CHAIRMAN. I know, as a matter of fact, that one part of it was not prosperous.

Mr. EDWARDS. You know very well that during the time of the Franco-Prussian war the demand for iron showed a very material difference from that of other years.

The CHAIRMAN. I know that for one portion of the period you refer to there was comparative prosperity; and it seems that prior to that there was an era of a year or two when the demand for iron was slack.

Mr. EDWARDS. It was slack for a year or two.

The CHAIRMAN. But the poorest rate then was nothing like that of the present.

Mr. EDWARDS. No; but it got down then, though, pretty low.

The CHAIRMAN. This is the point that I want to get to—whether this arrangement for a sliding scale was broken up by the Puddlers' Union or by the employers.

Mr. EDWARDS. It has not been broken up yet; it still exists.

The CHAIRMAN. It has never been broken up?

Mr. EDWARDS. It has never been broken up in the West.

The CHAIRMAN. And since it has been adopted you have never had any strikes in the West?

Mr. EDWARDS. There was a strike in 1874 or a movement on the basis of a strike. They wanted to change the basis of the arrangement.

The CHAIRMAN. Who wanted to change the basis of the arrangement?

Mr. EDWARDS. The manufacturers. They did alter it to a certain extent; they reduced the rate somewhat. That is the system under which they are working to-day.

The CHAIRMAN. Have you, in the course of your experience with the manufacturers, met with any trouble by reason of their indisposition to listen to your demands, to consult with or negotiate with you, and to arrive at a mutual conclusion? Did they at any time refuse to treat with you, or have they generally been ready to treat with you?

Mr. EDWARDS. In some localities they have been very willing to treat with us, and they say this is true all over the West. I have never worked in the East, but the employers and employés in the West, as far as I have seen, have generally co-operated together in a very friendly way.

The CHAIRMAN. Then you think that as far as the puddlers generally of whom you

speak are concerned there has been a good understanding, and that this has existed for some years between employers and employés?

Mr. EDWARDS. There has been to a great extent. I speak of it, of course, as a general rule.

The CHAIRMAN. You think there has been in this country much less dissension or antagonism than there has been in England, Scotland, and Wales during that period?

Mr. EDWARDS. I could not say as to that, but I know this, that I have read communications from England stating that they were far better pleased with our system of a sliding scale than with the arbitration they had there.

The CHAIRMAN. You know, I suppose, that at one time they tried a sliding scale in England and that it was broken up through the objections of the employers, not of the workingmen. I will say here, now, that I never have known a case in which the workmen have rebelled against their bargain or broken up the arrangement. I want to say that, because it is but simple justice that I should say it. While I have found them unreasonable enough in some matters, I have never found the workmen unwilling to submit to the conditions of the compact into which they had entered. At the present time, I understand, the only trouble existing between employers and employed is not a question of wages but a question of getting work enough to do?

Mr. EDWARDS. That is the trouble.

The CHAIRMAN. That is now the trouble?

Mr. EDWARDS. Yes; it is, so far as I understand it. Of course, since I have been a foreman, I do not communicate with the men all over the country; and when I was president of the organization I had my own duties to perform as you are well aware, and I attended to them; but I believe that I may say now there can be no feeling but for want of work. There is not enough work in any branch.

The CHAIRMAN. Then you consider the relations between the employers and the employed in the iron works, as far as your knowledge extends, to be in the main friendly and satisfactory?

Mr. EDWARDS. Friendly and satisfactory, when there is plenty of work to do.

The CHAIRMAN. Do you believe that it is possible for combinations to alter the prices of commodities for any considerable period?

Mr. EDWARDS. No.

The CHAIRMAN. You think the prices of commodities are determined by demand and supply?

Mr. EDWARDS. I do.

The CHAIRMAN. You think, therefore, that a combination of employers to put up prices, unless it is something in which a monopoly has been established, must fail.

Mr. EDWARDS. I do not think that a combination of manufacturers could establish prices for an article unless there is a demand for that article.

The CHAIRMAN. Then do you think that combinations of workmen can put up the price of labor (which is the product they have for sale) when the employers are unable to put up the price of their commodities?

Mr. EDWARDS. No, sir.

The CHAIRMAN. You think, therefore, that employer and employed are bound together by a common tie, that both must accept the situation, and that neither can exercise any absolute authority over the law of demand and supply.

Mr. EDWARDS. I do. I have always entertained that feeling.

The CHAIRMAN. Is that a general feeling, so far as you know, among the men engaged in the iron-worker's trade?

Mr. EDWARDS. I cannot say it is general; it obtains to a great extent.

The CHAIRMAN. I only want to find to what extent you know it to be general.

Mr. EDWARDS. I could not say, as I have not been in immediate communication with a great portion of the men in late years. Of course, I differ with them in opinion on many subjects.

The CHAIRMAN. Let me put to you another case: Suppose that a manufacturer of a certain article is located in Pittsburg, where his coal is laid in his mill at $1 per ton, and another manufacturer of the same article is in Philadelphia and pays $5 per ton for his coal. These two manufacturers are competing for a common market, say at Harrisburg between the two points. Both are anxious to keep their men employed. Would it be possible for the man in Philadelphia to pay as much wages to his workmen as it would be for the man in Pittsburg to pay to his workmen, each getting his pig-iron at the same rate, but one paying five times as much for his coal as the other?

Mr. EDWARDS. I could not answer that question in any shape.

The CHAIRMAN. Not in any shape?

Mr. EDWARDS. What I mean to say is that I would not put myself upon record on a question about which there is so much dispute as there is about that one.

The CHAIRMAN. I will state the question then in a general way. Certain manufacturers enjoy advantages in procuring the raw material from which their manufactures

are made, while the factories of others are disadvantageously situated. The latter would prefer to have a better location, but there they are and there are their workmen. Now, is it not obvious, in view of the smaller profits of the less favored manufacturer, that there is less money to be divided between him and his workmen than there is in the other case? And is it not equally obvious that somebody, either the workmen or the employer, must be compelled to take into account the disadvantages of location and like considerations?

Mr. EDWARDS. It is obvious, but there are other things to be considered.

The CHAIRMAN. Let us have "the other things" then.

Mr. EDWARDS. As far as the coal is concerned, I could not say whether it is or is not dearer in Philadelphia than in Pittsburg.

The CHAIRMAN. I will state, as a matter of fact, that it is. The question, therefore, is whether, when the product of two manufacturers is sold for the same price, and one is compelled to pay more than the other for his raw material, the workmen shall take less of value for their work or the employer shall shut up his works; and does not the question between them often assume that phase?

Mr. EDWARDS. The question does often arise.

The CHAIRMAN. As an employer I have been in a condition such as that which I have described. I have had a mill and have had to shut it up. The case was stated to the men and they were told, "now, here are the facts," and the question put to them, "Shall we shut up the works or go on at a lower rate?" And I confess I have always been ready to show the figures to the men. The question with which I have generally been met was this, whether, where there was such an understanding, and the men and the employers were willing to go on, they could be allowed to do so, or whether there was something in the laws of your trades-unions which would prohibit the men from taking lower rates.

Mr. EDWARDS. Yes, I think there is something in our rules which would prohibit it.

The CHAIRMAN. Would it not make more trouble to prohibit any such arrangement than it would to have the men go on at less wages in the way in which they had been going on?

Mr. EDWARDS. The trouble with the workingmen is this: They are suspicious about this cutting down of wages by detail, in different localities of the United States. They do not know where it will stop. That is the trouble.

The CHAIRMAN. They want, then, to have uniform wages without reference to the ability of an employer to pay the wages?

Mr. EDWARDS. I do not think they would object if they understood the case in that shape; but they do not understand it in that shape. There are things connected with it that they do not understand. Now, the manufacturers in the East, we will say, make this argument and the manufacturers in the West make the other argument; and of course we cannot find the facts out. The Western employers say to us that the workingmen of the East are working for so much, that "they have advantages over us," and you will say that the Western manufacturers have advantages over you, and so it goes. But, as I was about to say before, our organization has never sought to interfere with any rules in the different districts whereby they would be doing an injustice. I never saw any interference of that kind attempted. That was the object of the districting system. In some of the districts, for instance, they have six heats to each turn. We made a law prohibiting that in the West, because it was too much for one man to do. In the East we left the matter open to themselves.

The CHAIRMAN. Did you allow them to regulate their local wages?

Mr. EDWARDS. We allowed them to regulate their local wages in these districts, of course.

The CHAIRMAN. That is what I wanted to get at. Then you have answered my question as to that. Your answer is that in the districts you did make arrangements by which the wages could be regulated in accordance with the necessities of a case.

Mr. EDWARDS. Yes, sir.

Mr. RICE. Was that the case in the district of Massachusetts?

Mr. EDWARDS. Yes, as to any district. But the limits of the districts were not determined by State lines; there might be two or three States in one district or two districts in one State.

Mr. RICE. The wages in Massachusetts might be different from what they were in Pittsburg?

Mr. EDWARDS. In consequence of the difference peculiar to different localities in the same branches of work, each locality having its own mode of working, a difference in wages would not necessarily indicate that a higher or lower rate for the same work was paid in one locality above or below another.

The CHAIRMAN. I remember that on one occasion there was an impending strike in eastern Pennsylvania, which included Trenton, and the president of the Puddlers' Union came there and it was all settled. I do not remember whether it was you who came or not.

Mr. EDWARDS. No; it was not me. That must have been about 1871 or 1872.

The CHAIRMAN. Perhaps it was. I remember that it was all settled. Let me say to you that this committee was organized to receive suggestions as to the means most likely to restore business prosperity in any way. You have very frankly and clearly stated that in your own work the difficulty at present is the want of a sufficient demand. I take it that you are hardly prepared to express to the committee how the demand may be increased, are you?

Mr. EDWARDS. I believe that Congress is trying to settle that question now.

The CHAIRMAN. Many suggestions have been made to us in the course of our inquiry. One suggestion, constantly pressed upon us, is that Congress should make some arrangement to transfer the unemployed laborers of the country out to western lands and plant them down there. Suppose that some such provision was applied to puddlers and iron-workers, would it be likely to result in any amelioration of his condition for us to take a man engaged here at that occupation, transfer him westward, and plant him down upon a farm somewhere in the West?

Mr. EDWARDS. I have seen a great many of them make excellent farmers in their time, but they were men of independence, thrift, and economy, who had saved up their money, who put their axes on their shoulders like the pioneer settlers and went forth to overcome the obstacles in their way.

The CHAIRMAN. Do you think that by its intervention in his behalf in the way of furnishing him with money, the government could put into a man those qualities which are essential to a man to make him a good pioneer settler?

Mr. EDWARDS. I do not think that it could. Under ordinary circumstances I think it is better for a workingman to go West on his own account in preference to having the government send him out there. For one, I want to be as free to exercise my inclination as is any member of our Congress himself. I consider myself an American citizen, and do not want to be an American pauper.

Mr. RICE. Is that feeling a general one?

Mr. EDWARDS. No; that is my feeling.

The CHAIRMAN. The inquiry suggested by Mr. Rice is whether the feeling to which you have just given expression is a general one among the workingmen of whom you have knowledge?

Mr. EDWARDS. No; they are at variance in their feelings. I have talked with some of them, and found among them those who do not like that view of the case. I have my own views of the cause of the depression in the country, of course; they differ from those of others.

Mr. RICE. Before you go to that, permit me one suggestion. Supposing you were a member of Congress and the proposition was before you to vote an appropriation of money to transfer unemployed laborers from the East to western lands and set them up there on farms, from your standpoint, should you vote for such an appropriation of money?

Mr. EDWARDS. I would not of my own volition. If my constituents asked me to do it, of course I would endeavor to give expression to their wishes.

Mr. RICE. How would you vote, assuming that you act entirely upon your knowledge and best judgment?

Mr. EDWARDS. I say then that I could not do it. I could not vote the money away in that shape.

Mr. RICE. Excuse my interruption. You were about going on to state some of the causes of the depression of business when I interrupted you, and I would be glad to have you resume your statement at the point at which you were interrupted.

Mr. EDWARDS. What I was about saying was this: In all countries, after a great war, the ordinary industries and avocations of the people are more or less affected by the disturbed condition resulting from the new order of things. The return to their former avocations and pursuits of the soldiers, whose places at home had been temporarily supplied, occasions a superabundance of laber in certain channels, a fluctuation in prices of commodities, and eventually a period of business depression. This is true of our own country, and I have foreseen all along that the present condition of business would come about. During the war the demand for skilled labor in the various trades increased rapidly. A great number of our workingmen and artisans from the cities and from all branches of trade throughout the country were away in the Army. On both sides there were employed at one time as combatants probably a million of men. With the increased demand for labor in railroad and other enterprises stimulated by the war, and arising during the war, the rate of wages was proportionately increased. We had at the time a large emigration from Europe to fill up the openings in the various trades. When the war had closed, and the armies had been disbanded, the soldiers all came home and flocked to their several avocations. Meanwhile, the boys from the country, seeing higher wages paid in the cities, instead of going back to their country homes, staid around the cities, and continued to remain in large numbers for eight, ten, or twelve years, until now, while our cities are overcrowded with idle laborers, the agricultural industries are almost at a standstill for the want of efficient labor. I noticed some few months ago an item on that subject, taken, I believe, from

the Agricultural Report here. I am sorry that I did not keep the exact figures, but not having done so, I can now give them only from recollection. It showed that in 1860, when the population was a little over thirty millions, I believe, the cereals of this country, wheat and corn, exceeded in aggregate production by many millions of bushels the showing of 1875, and that the cattle of that year exceeded by many hundred thousand head the aggregate for 1875, when the population was forty and some millions.

The CHAIRMAN. I am afraid that the comparison you have given is not such as would be justified by the facts, even though it was contained in the Agricultural Report. We have had, however, on that subject an elaborate statement by a gentleman in New York, one of the witnesses before the committee, which will be printed, and of which you will be furnished a copy. I do not think that in the matter of cattle the statement of relative aggregates, to which you have referred, is correct.

Mr. RICE. The statement may be correct, as applied to many of the Eastern States.

The CHAIRMAN. That is true. But the present production is upon a scale enormously greater than we ever had before.

Mr. RICE. I am inclined to think that the agricultural products of Massachusetts are in the aggregate comparatively less than they formerly were.

Mr. EDWARDS. I may have been laboring under a wrong impression as to the authority for the statement of which I have spoken, but I have stated the substance of what I saw in a newspaper a few months ago, and which purported, according to my recollection, to have been taken from the Agricultural Report. The thought that occurred to me in that connection was, that if the case was really as it was there represented, then the most of our people had overlooked their legitimate business. In my own experience, too, I have noticed the tendency of our young people who have been raised in the country to flock to the city. You can scarcely go into a city in the Union where you will not find, particularly among doctors, clergymen, and in the other professions, a disproportionately large representation from among the youth of the rural sections. They crowd into the cities, while the agricultural population of the country fails to receive such accessions as would serve to fill up the vacant places.

The CHAIRMAN. These people in the cities are consumers of our agricultural products, and we are now exporting these products to other countries in amounts that are comparatively enormous.

Mr. EDWARDS. At the same time these people in the cities, many of them, cannot get money enough to buy those products.

The CHAIRMAN. I was coming to that. In Pittsburg and Allegheny City, for instance, are there many people suffering for want of food?

Mr. EDWARDS. I have no knowledge that they are suffering for want of food; that is, I do not know of that myself.

The CHAIRMAN. Are there many unemployed persons in Pittsburg and Allegheny City?

Mr. EDWARDS. There are.

The CHAIRMAN. How do they get their daily bread?

Mr. EDWARDS. Sometimes on credit, and sometimes they live in fact upon just what they can barely get.

The CHAIRMAN. Can you give us some idea of the percentage of labor unemployed in your section of country?

Mr. EDWARDS. No; I cannot.

The CHAIRMAN. Can you not form any notion as to that?

Mr. EDWARDS. No; I cannot.

Mr. RICE. Do I understand your idea to be this, that some portion of the unemployed might be employed on the waste land contiguous to the cities in which they live, in raising those staples which they consume, even though there should be a surplus of corn and wheat to be sent abroad?

Mr. EDWARDS. There is no doubt that even if we were as industrious as the Chinese are reported to be in their native country, there would still remain lying waste in Allegheny County a quantity of land sufficient, if made productive, to supply with the necessaries of life all the people of Allegheny County.

Mr. RICE. What would be the difficulty, if any, in the way of the people going upon that land and utilizing it sufficiently to enable them to live upon the product of their labor until something better presents itself?

Mr. EDWARDS. It requires that capital shall be invested there. The land is like that between here and Baltimore, a comparative waste because unimproved.

The CHAIRMAN. Suppose they wanted to go upon any land of that description in order to utilize it, is there any in the neighborhood of Pittsburg that they could get upon credit?

Mr. EDWARDS. I could not say.

The CHAIRMAN. You do not know about that because you do not know how far it has been monopolized?

Mr. EDWARDS. No; I do not.

The CHAIRMAN. You said something a while ago about this sliding scale having worked better here than had arbitration in England. Suppose that after you have gone into a district, and attempted to establish your sliding scale there, the employers would refuse to comply, or the workmen would refuse to comply, would you not consider it better to go into an arbitration than that a strike should follow, and the interests of both sides made to suffer?

Mr. EDWARDS. They generally have a conference first.

The CHAIRMAN. But when the attempt to conciliate has failed, would you not think it desirable to call in outsiders—disinterested men—who could settle the matter, rather than to have all the suffering of a great strike?

Mr. EDWARDS. I do not know about that.

The CHAIRMAN. What could you lose by an arbitration?

Mr. EDWARDS. I would rather trust in my own judgment than to be bound absolutely by that of other people as to what I should or should not do.

The CHAIRMAN. Your side would have one arbitrator and the employers one—each side selecting men to represent its ideas—and these two would select a third, a man capable of understanding a case when presented, one of judicial mind. Now, would it not be better to take the chances of a misunderstanding than to ignore the possibility of a mutual arrangement, and thereby go through months of idleness and loss?

Mr. EDWARDS. No; for if he should misunderstand the other side, then the other side might happen to lock us out.

The CHAIRMAN. But I am assuming that both sides are going to abide by the arbitration. If both sides did not abide by the arbitration, it would be better not to have any.

Mr. EDWARDS. If both sides would agree to abide by the arbitration, perhaps it would be better to have one than it would be to have a long strike. I never approve of a strike if I can get anything like a fair remuneration for my labor.

The CHAIRMAN. Do you have the trouble in the iron business that occurs in some other businesses, arising from the fact of one workman being better qualified for work, and able to do more of it in the same time, than another? We will say, for instance, that you are a boiler-maker, and your boiler is capable of the most delicate uses. A man alongside of you barely pulls through with his work, and makes an article the quality or strength of which is always in doubt and in question. Of course, you know that your work is worth more than his work. Would you, therefore, object to his being employed with you if you could have your employer pay you more for your work than he pays him for his work?

Mr. EDWARDS. At our work the difficulty you suggest is obviated in this way: If I am a better workman than my associate, I can bring more iron out of a certain amount of material than he can, and, as we are paid by the ton, I am compensated for my superior skill to the extent of the difference in the respective amounts of iron produced by us. Therefore, I am better paid than the inferior workman. Now, in the case of a man who is working specialties, such as fine iron for hoop-iron or for other purposes, or where a man is better qualified than others to work heavy castings—some of such weight that every puddler could not handle them—in such cases the claim has always been made that the man ought to be paid more per ton for his superior skill and ability than the ordinary rate, and in the West they have invariably paid it.

The CHAIRMAN. Do you object to that system?

Mr. EDWARDS. No; we have upheld that.

The CHAIRMAN. Your idea is that you would have a minimum below which the pay should not go; in other words, you would not have a man paid less than a certain price per ton?

Mr. EDWARDS. That depends upon what the scale of prices calls for. For instance, if iron sells for 2 cents a pound, that is $40 a ton, we could claim $5 a ton for puddling it. For every advance of a tenth of a cent per pound, we would raise the price for puddling ten cents.

The CHAIRMAN. And that would be the minimum of compensation for the men in the mill?

Mr. EDWARDS. Yes.

The CHAIRMAN. Then for a man who could do good work was there any special compensation?

Mr. EDWARDS. For ordinary or common iron they make five heats for a day's work. In the special iron (hoop-iron) they make four heats; and for the four they would receive as much as would be paid for the five. In working heavy castings they generally put a man at it who was able to do that work and paid him a dollar a ton extra. That used to be the custom.

The CHAIRMAN. Your organization did not object to that?

Mr. EDWARDS. No; they supported that.

The CHAIRMAN. You have stated that you admitted only puddlers to membership in your organization.

Mr. EDWARDS. That was the case at the time of which I spoke.

The CHAIRMAN. The helpers were not admitted?

Mr. EDWARDS. No, sir.

The CHAIRMAN. Were there ever any disputes between puddlers and helpers as to wages?

Mr. EDWARDS. There have been.

The CHAIRMAN. Then the same difficulty occurred between puddlers and helpers that occurred between the puddlers and the employers?

Mr. EDWARDS. No; the difficulty was not always the same, for this reason: The prices have been established for a period as far back as I can remember. The helper was paid one-third of what the puddler would make. That has been the rule all over; at least, it was at one time the rule in Europe as well as in this country; but there are localities in which they pay them more than one-third. In some places they pay them one-third and so much a heat beside, I think; in other places so much per heat. In Pittsburg they pay them so much per heat and 5 per cent. of the amount.

The CHAIRMAN. What does the 5 per cent. come out of?

Mr. EDWARDS. Out of the puddlers.

The CHAIRMAN. Has there never been a dispute between the puddlers and the helpers in regard to what that percentage should be?

Mr. EDWARDS. Yes, sir; they settled it by agreement. It is understood now that that which I have stated is the price.

The CHAIRMAN. Was that settled without a strike?

Mr. EDWARDS. I do not remember of any strikes that occurred, only in one mill, on that account, and that was only for one day.

The CHAIRMAN. There was a strike, and in that instance the helpers struck against the puddlers?

Mr. EDWARDS. Yes, sir; for only one day.

The CHAIRMAN. But the same difficulty has existed between the puddlers and the helpers that exists between the puddlers and the employers?

Mr. EDWARDS. Yes, sir; but it has occurred very seldom, because that has always been the established rule on the subject.

The CHAIRMAN. Have you any regulations which prevented the helpers from being promoted to puddlers? Did the members ever undertake to say, "You shall not put this helper up," or "This man is not fit to be a puddler"?

Mr. EDWARDS. I cannot say that I ever saw anything of that kind. We have often gone and urged a man's case, and said "such and such a one is a good helper; he works steadily and faithfully"; and suggested to the men that they should divide the money [the percentage] with such helpers. That is to the helper the first step in the way of promotion.

The CHAIRMAN. So that the good feeling which exists between the masters and employers also exists between the puddlers and helpers at the present time?

Mr. EDWARDS. Of course, there have always been exceptions to the rule, but that is the general feeling.

The CHAIRMAN. Have you seen any grievance arising out of the truck system in this country—that of paying on orders?

Mr. EDWARDS. Yes; I saw one such grievance in a locality in Ohio, but it did not last long.

The CHAIRMAN. So far, then, as you know now, the truck system is not a grievance to any extent?

Mr. EDWARDS. Not to my knowledge.

Mr. BOYD. What do you wish to be understood as meaning by the truck system?

The CHAIRMAN. Paying a man out of stores, by orders upon them, and such appliances.

Mr. EDWARDS. There have been disturbances on that account, but I cannot speak of them of my own knowledge.

The CHAIRMAN. Have you any reason to suppose that by a change in the mode of carrying on business in this country, by which capitalists run the mills, employ labor, and pay wages, any other system could be introduced by which things could be put on a better basis than they are now; that is to say, that instead of paying wages the profits should be divided on some other plan than the present?

Mr. EDWARDS. No, sir; I cannot say that I have studied the question enough to enable me to say I was dissatisfied with the wage question. I know there are projects on foot, but I never bothered my head with them.

The CHAIRMAN. Thus far, have the workingmen of this country been able to secure for themselves what they regard as their fair share of the proceeds of the products of labor?

Mr. EDWARDS. I did consider that under the scale I have referred to we got a fair share for our labor.

The CHAIRMAN. Have you ever felt that the employers had the upper hand to such an extent that they could make you take whatever they chose?

Mr. EDWARDS. I never have worked in that way.

The CHAIRMAN. Is it a fact that in this country the working classes have been reduced to such a condition that they have been obliged to take whatever was offered to them?

Mr. EDWARDS. No; I do not believe it is.

The CHAIRMAN. That is what I wanted to arrive at, because such a condition of things does exist in some countries.

Mr. EDWARDS. There were some years when the workingmen did not get their proper proportion of the rise in the price of iron. That was in 1862, '63, and '64.

The CHAIRMAN. You mean to say that wages were not put up in such a ratio as would have corresponded to the advance in the price of iron?

Mr. EDWARDS. Yes, sir. Iron went up 7½ and 8 cents, and wages moved very little.

The CHAIRMAN. Could not the laborers at that time have accomplished much by co-operation?

Mr. EDWARDS. They could. It was want of knowledge that prevented them.

The CHAIRMAN. And, therefore, you believe in trade organizations?

Mr. EDWARDS. I do.

The CHAIRMAN. You think that these trade organizations are the best means of obtaining the requisite advice and knowledge?

Mr. EDWARDS. To a certain extent I do. I believe that the more we educate labor, the more advantageous it will be for all concerned.

The CHAIRMAN. There are persons who say that the more you educate the working class the more you make them disinclined to labor, and make them seek to go into stores and clerkships. What is your observation?

Mr. EDWARDS. I do not consider that a man who is in a store, behind a counter, in any shape or form, or behind a bar (I mean a whisky bar, not a legal bar), or in any of those occupations or professions, so called, is any more respectable than a puddler, a boot-black, or any one employed at any other manual labor.

The CHAIRMAN. Do you find, as a fact, many respectable young men seeking to learn the iron business, who are willing to begin at the bottom and work upward, depending upon their own exertions for their advancement?

Mr. EDWARDS. Yes, sir; I have seen them.

The CHAIRMAN. Do the young people who come now into those mills get a common school education?

Mr. EDWARDS. Yes; some of them do.

Mr. RICE. I suppose you have sons yourself, but I do not ask the question particularly with reference to your own case, but generally, whether, where a man in your occupation, or a similar one, is able to give his sons a better education than he received himself, those sons are likely to seek their father's business, or more likely to go off into the city to sell ready-made clothing or do anything they can find to do there?

Mr. EDWARDS. No; they do not always go off to the city. I have known of men who have brought their children up pretty well, and tried to put them into different branches of trade outside of their own, but the children seemed to prefer the father's occupation, even when they were pretty well educated. I never had any regret for having gone into a rolling-mill myself. I was always very fond of reading and trying to educate myself as far as I could, and I never had any inclination to stick behind a counter. Of course, I have always been anxious to get beyond mere working for a bare living, and would like to be prepared for a rainy day, and have some provision for old age.

The CHAIRMAN. On that subject, let me ask this: Taking the average since you have been in business, has it, generally, been possible for you to save something from your wages as a workingman?

Mr. EDWARDS. Yes, sir.

The CHAIRMAN. Have you any grievance to bring before us in regard to savings-banks, the places where workingmen save their money? Do you think the government ought to make any provision by which they could put their money into the Treasury, and have it assured to them?

Mr. EDWARDS. I never had any experience with savings-banks. We generally bought some little property.

The CHAIRMAN. Invested your money in real estate?

Mr. EDWARDS. Among our men, when one had saved a little money, he bought a little house for himself; others would save what they could to buy farms.

Mr. RICE. Then if a puddler had been able to save some money, would he prefer to buy a farm with it rather than to put it in puddling?

Mr. EDWARDS. Yes; I have known some that would do that, and know that has been going on for the last eighteen or twenty years.

The CHAIRMAN. Is not puddling very hard work? Indeed, I do not know that I have ever seen any old puddlers.

Mr. EDWARDS. Well, they never die.

The CHAIRMAN. I was going to ask you what became of the old puddlers.

Mr. EDWARDS. They turn into "gray mules." [Laughter.]

The CHAIRMAN. Are they, as a rule, able to turn to something else when they want to quit puddling?

Mr. EDWARDS. Many of them, owing to a habit contracted in the places from which they came in the old country, are very fond of their beer. Many of them have become confirmed in this habit and could not avoid it. But in the old country, during the last thirty years, they have been raising up schools. There are the national or British schools in England. Some of the iron masters in England have been spreading these schools around, and a better class of workmen appear to be coming forward. I think there is nothing that will do more good in any country than schooling. If I had my own way, I would say "educate all." I would have compulsory education, if you call it that. Furthermore, I would make a law, one stringent enough to secure its purpose, that no child should work at any labor whatever before he was fourteen years of age, and should be compelled to go to school under that age. When we have done this, we will have less idleness among mechanics and more robust men and women than we have now. Just think of your little boy of ten or eleven years being sent to the rolling-mill to work. I have seen children employed at so tender an age that they had to be carried to the mill on their fathers' backs and carried home again from work. That was what they did to me, and if it had not been for the care that I took of myself in youth and when I began to pick up, I would have been more of a runt than I am.

The CHAIRMAN. I suppose there is no branch of business that actually requires a boy of less than fourteen years of age?

Mr. EDWARDS. Not in the iron business.

The CHAIRMAN. If they began at fourteen they would be sure to learn the business?

Mr. EDWARDS. They would be sure to learn the business so far as having time enough for that purpose is concerned. It would be early enough for them to begin, and the education they had received before that in school would be more beneficial to them than that which they would pick up if employed earlier. Let me say here that we require education in a rolling-mill, and that the necessity for it there is as necessary as in any branch of business. The carpenter has his rule, the mason his implements, and each appreciates the importance to himself of an intelligent application of them to their several uses; but how often you will find a roller in a mill who is a poor mathematician. Yet it would assist that man materially if he was a good mathematician. It would not injure a puddler at all if, especially when he is at a blast-furnace, he is something of a chemist.

The CHAIRMAN. It would save the lives, occasionally, of the men about a blast furnace?

Mr. EDWARDS. We have a practical education of our own, by which we get a crude knowledge; but it is not one that gives us the chemistry of the theorist. We want the chemistry of the theorist to come down to us in the same shape that the mathematician hands down the rule and scale to the other craftsmen, so that we can understand it.

Mr. RICE. I would like to ask Mr. Edwards a single question. The section of country in which he lives was quite famous a year or more ago owing to the riots that took place there. Now we, who are at a distance from there, would like to get the views of an intelligent resident and looker-on to know what was the cause of those outbreaks. What was it, in your judgment?

Mr. EDWARDS. I could not tell you. I was there at the time. I generally go up to visit a friend of mine on Saturday evenings, and I was there on the street on the Saturday evening when the riots began, taking a walk around. The first thing that I heard was that there had been four or five men killed. It created an agitation, and this agitation was not confined to any one class. You would find merchants on the corners, men from this or that office, all alike excited. I would pass men on the street whom I did not know, and they seemed to show the same agitation. In fact, the city was all a mob. On Sunday morning I went along the streets when the rioters were burning the railroad property. At every corner the same scene of excitement was visible. In the crowds were policemen, judges, and the mayor of the city, and, apparently, they were all rioters. I do not blame it on the railroad men.

The CHAIRMAN. Who were doing the burning?

Mr. EDWARDS. There was some half a dozen men going along in broad daylight. They would set a torch to a car, for instance. I did not know any of them.

Mr. RICE. Were they residents of Pittsburg?

Mr. EDWARDS. I could not say.

Mr. RICE. Have you any information on the subject?

Mr. EDWARDS. No; I have not. I never had any satisfaction as to that.

The CHAIRMAN. Did you ever hear that the internationalists had agents out to fan this spirit of violence?

Mr. EDWARDS. I may have heard it on the street, but I never knew any of the internationalists.

Mr. RICE. Was the outbreak caused by want of labor, or by suffering for want of the necessaries of life?

Mr. EDWARDS. In fact, I did not understand their business and did not interfere with them.

Mr. BOYD. You know nothing at all about the origin of the outbreak?

Mr. EDWARDS. No; I did not know anything about that. It was none of my business. I did not know any of these railroad men, and did not converse with them on the subject.

Mr. RICE. Your idea was that it was started by the railroad men?

Mr. EDWARDS. That it was a railroad strike. But, as far as I know, none of the railroad hands there were setting fire to buildings. They tried all they could to stop the conflagration.

Mr. RICE. Who did set fire to the buildings?

Mr. EDWARDS. I do not know. There did not appear to me to be any organized mob at any time. It always appeared to me that any time on Sunday fifty prominent, first-class citizens could have stopped it.

Mr. RICE. You do not, then, connect these riots with the want of employment and the depression that existed among laborers at the time?

Mr. EDWARDS. I do not know what caused the riot, because there did not seem to me to be any excitement existing among the working classes at the time. In fact there did not seem to be any necessity for calling the soldiers at the time. There may have been without my knowledge. I only happened to be on the street on Saturday, and I know there was great excitement about these men being shot down; and I saw some of the militia throwing down their arms to go home because other soldiers had shot down citizens.

The CHAIRMAN. The riot was rather provoked and intensified by the use of the soldiers.

Mr. EDWARDS. Yes; I think a few prominent citizens could have stopped it at any time. As for the railroad men I can say this: So soon as the rioters began their work at Pittsburgh, the railroaders in Allegheny City went to work to protect the property of the company, and even shipped the cars out from Allegheny City. The railroaders done that themselves. They even guarded the property of the railroad company with guns.

The CHAIRMAN. Was there more distress in Pittsburgh then than there is now?

MR. EDWARDS. I could not say that there was.

The CHAIRMAN. Things have not changed much.

Mr. EDWARDS. No, sir; but I have not had much experience in that way for the last few years. The men in that part of Allegheny from which I come have worked pretty steady right along in the last five years.

Mr. RICE. What is the feeling among the laborers now, so far as you know, as to whether there is any improvement in their condition over what it has been in the past?

Mr. EDWARDS. The general feeling among the class who do not study these things is this: Take, for instance, a common laboring man who, a few years ago, got $1.75 a day. He finds now that they pay but $1.12 and $1.25 a day, and he feels the loss of the difference, and naturally complains that wages are low.

The CHAIRMAN. Do they not know that supplies, that the ordinary necessaries of life, are also low?

Mr. EDWARDS. That is a matter to be argued with them.

The CHAIRMAN. But as a matter of fact?

Mr. EDWARDS. As a matter of fact, they are low.

The CHAIRMAN. Have you ever known in this country the necessaries of life in food and clothing to be as cheap as they are now?

Mr. EDWARDS. I do not know that I have. Labor has been as cheap as at any time, if not cheaper, and clothing a great deal cheaper than at any time since 1854.

The CHAIRMAN. Then your idea is that if we could find some means by which we could alleviate the condition of labor in this country, the grievances would disappear.

Mr. EDWARDS. That is it exactly.

VIEWS OF MR. JOSEPH BISHOP.

Mr. BISHOP appeared before the committee in response to its invitation, and stated, in reply to the chairman, that he resides in Pittsburg; that he is not of American but foreign birth, having been born in Wales, and having come to this country when a little less than two years old; and that he is an American citizen.

The CHAIRMAN. What is your occupation?

Mr. BISHOP. I have been working at puddling for about twenty-two years.

The CHAIRMAN. Are you still working at puddling?

Mr. BISHOP. No, sir; not directly at the furnace. I have not been working directly in the mill for a little over three years.

The CHAIRMAN. But you were formerly a working puddler in the mill and were such up to within three years?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. During the past three years, what occupation have you followed

Mr. BISHOP. From August, 1875, until August, 1876, I was president of the United Sons of Vulcan, or Iron Puddlers' Union, as it is commonly called.

The CHAIRMAN. Is that the successor of the society of which Mr. Edwards has been speaking?

Mr. BISHOP. No, sir; it is the same society. From August, 1875, to August, 1876, I was president of the socity of which Mr. Edwards was formerly the president. From August, 1876, until the present time I have been president of a society made up partly of what was formerly the United Sons of Vulcan, together with other iron-workers' unions, principally the heaters and rollers.

The CHAIRMAN. What is the name of your society at present?

Mr. BISHOP. The Amalgamated Association of Iron and Steel Workers.

The CHAIRMAN. That includes puddlers, heaters, and rollers?

Mr. BISHOP. Yes, sir; with other branches of skilled labor in steel and iron works.

The CHAIRMAN. It includes other branches of labor?

Mr. BISHOP. Yes, sir. You mean common laboring hands? Of course, speaking of workingmen, they all come under that.

The CHAIRMAN. Certainly; we all agree to that, because we hope we are all laborers here according to our fashion. If you have no objection, I would like you to explain the objects of this association of which you are president.

Mr. BISHOP. The object of the association, in a general way, is the improvement of its members. We state it in these words—morally, mentally, financially, and intellectually.

The CHAIRMAN. You adopt, of course, certain methods to bring about this improvement. Will you describe what those methods are, or in what way you attempt to make the improvement?

Mr. BISHOP. Take, for instance, the improvement financially. We believe that our men in many ways have been extravagant. Mr. Edwards, a moment ago, dilated somewhat on that point, and I do not know that I could add much to what he said, because he covered all the ground.

The CHAIRMAN. I might ask you the question there, how you try to make them less so—whether it is by trying to establish a better general tone; whether you have any special means of admonishing them; or what the association has to do with them in order to make them more economical and saving?

Mr. BISHOP. We believe that if we improve men morally—for instance, in the matter of intemperance; if we create an improvement in them in that respect—we are benefiting them financially, because it will be the means of having them save the money that they would otherwise have been spending. Through improvement in that particular way their general condition is bettered. We have talked to the men upon the subject. The matter is embodied in our laws. It is, in fact, a part of the understanding upon which they become members of the association.

The CHAIRMAN. Suppose that a man, after he becomes a member, continues to be intemperate, and you admonish him, do you do anything else? Do you let him stay in, or exclude him?

Mr. BISHOP. We have rules covering cases of that kind. A man may, of course, practice that to such an extent as to incur, we will say, the displeasure of the society to which he belongs. That may subject him to the penalty of a by-law, which may call for a fine, for suspension, or for expulsion.

The CHAIRMAN. Suppose the man is expelled, is he permitted to work in the factory with your members the same as if he still belonged to your association?

Mr. BISHOP. We do not try to stop him.

The CHAIRMAN. You have no rule, then, which reqnires that the employers shall have only union men?

Mr. BISHOP. No, sir.

The CHAIRMAN. You never insist that the employers shall employ only union men?

Mr. BISHOP. We do not believe that we have the right to dictate to them.

The CHAIRMAN. Where a man is not a member of your union, do you take any steps to prevent his working alongside of your union men in the works?

Mr. BISHOP. No, sir.

The CHAIRMAN. Do you object to it? Is there any official objection?

Mr. BISHOP. Do you mean official action or official feeling?

The CHAIRMAN. When I use the word "official," I mean do you take any action at all—are your members under any rule or constraint to exclude the man from working with them in a mill?

Mr. BISHOP. No, sir.

The CHAIRMAN. None at all? Of course, unofficially, there is a feeling which every man has a right to exercise, and I suppose your feeling is that you would rather have members of the union than not to have them?

Mr. BISHOP. We feel as to that in this way, that the union is intended for the benefit of those who follow the trades it represents. Being for their good, we think it is

worthy of their consideration, and of course we believe it would be better for them if they would become members of it.

Mr. RICE. Suppose there is a shop or works where there are a hundred men, of whom ninety belong to your union and ten do not. The ten who do not belong—are they as comfortable, and do they get along as well, as the ninety who do? Is anything done to make it unpleasant for them?

Mr. BISHOP. Not that I am aware of. I have no knowledge of any case of that kind.

Mr. RICE. It is, I suppose, the same as with those who belong to a church, that those who belong think themselves more fortunate than those who do not; but beyond that, there is no difference between those who belong to a union and those who do not in the same works.

The CHAIRMAN. Have you ever known of a demand made upon employers to discharge men under a threat that if the discharge was not made, the men who were working would stop work?

Mr. BISHOP. I do not get your idea exactly.

The CHAIRMAN. The idea is this: Have you ever known a case in which a demand has been made on the part of the workmen that the employer should discharge a particular individual or individuals or else they would decline further to work?

Mr. BOYD. You mean, Mr. Chairman, by the workmen connected with this union?

The CHAIRMAN. I mean, of course, by workmen connected with this union.

Mr. BISHOP. Of their making a demand upon their employer for the discharge of a man who was not a union man and for that cause? No, sir.

The CHAIRMAN. Not for that cause, but for any cause?

Mr. BISHOP. I have not known of it being done in that way.

The CHAIRMAN. You seem to have known of it being done in some way, I infer from your answer. Will you state for what cause?

Mr. BISHOP. I could not state. I have known of cases, but they were not cases that occurred under the jurisdiction or rules of the association, and the question was not one for which the organization was responsible.

The CHAIRMAN. Then I have already your answer on that point: the organization does not undertake to support a demand of that sort made by its members. Now with regard to foremen. Would your association take any action where the members of the association in any particular works demanded the removal of a foreman? Suppose a foreman became obnoxious and they demanded a discharge, would your association take any action in such a matter?

Mr. BISHOP. No, sir.

The CHAIRMAN. That would be purely local and left to the works?

Mr. BISHOP. We certainly would not take any action upon it; we do not believe it would be right. We believe, Mr. Chairman, just on that subject that you as an employer have a right to engage as managers of your works whomever you may feel disposed to engage, and of course, while you would exercise your own preference in that respect, we would be glad to have those who are thus selected as managers to deal fairly with us.

The CHAIRMAN. We are upon the moral ground of this subject now and I want to ask, before we leave it, in what way a grievance would be dealt with. Suppose the workingmen in a particular works think they are not receiving fair wages and propose to strike—the employer says, "I cannot give any more"—what action would the association take in the case of a representation such as that being made by those workingmen?

Mr. BISHOP. You mean, I presume, a representation made by members of the association to the officials.

The CHAIRMAN. Yes, sir.

Mr. BISHOP. In the first place, no local or subordinate society is the judge of its own grievances. We have, according to our laws, in each works a committee whose duty is that of dealing with or, in other words, of standing between the men and the employers or managers. If a grievance arises—it may be a question as to wages or some other matter—it is presented to this committee. The committee, being the representative of the men, present the subject to the management or the employers, as the case may require; talk it over in a friendly manner without any disposition to create trouble; and after an investigation in this manner, if it is found of sufficient importance and they fail to agree with the proprietors of the works, it is then reported to the society to which those men belong.

The CHAIRMAN. Do you mean of the local district?

Mr. BISHOP. Yes, sir. The society then, after due consideration and investigation of the matter, if they are impressed with the idea that it is of sufficient importance, will report to what we term "the district." This district may cover a large stretch of territory. For instance, the district in our association called the second takes in all of the Ohio Valley from Steubenville as far as Ironton, Ohio; going out to Zanesville and Columbus, and taking in West Virginia, Southern Ohio, and Kentucky.

The CHAIRMAN. It does not take in Cleveland?

Mr. BISHOP. No; that would be in another district. Cleveland would be in the fourth district. In this district we have what we term an executive committee, composed of the vice-president, two deputies, and three persons elected by the various lodge or society presidents, together with the president of the society having the grievance, making in all a committee of seven persons. They are required to make a thorough investigation of the matter, and, if necessary, visit the locality where the grievance exists and talk the subject over with the management or the employers, with a view to avoiding, not to seeking, trouble.

The CHAIRMAN. As men who come to make peace?

Mr. BISHOP. As men who come to make peace; not to make a positive demand as much as to make a thorough investigation and use all honorable means to keep the matter peaceable and harmonious. After doing this, if they should fail to get what is deemed right (of course we do not mean by "what is right" that the representations made by the men should be taken alone, but that we should hear both sides, put their statements in the balance, and try to weigh them), and if the matter is deemed to be of sufficient importance, and the employers fail to do what is right and just under the circumstances, the committee would have the authority to order a strike. But the men under no circumstances could stop work until this investigation had been made.

The CHAIRMAN. As the result of these investigations, in practice, have strikes ever been ordered?

Mr. BISHOP. Very rarely.

The CHAIRMAN. But they have been ordered?

Mr. BISHOP. They have been in a few instances—very few.

The CHAIRMAN. You observe that, according to your statement, while you take great care to get at the facts, the decision rests with a committee who are elected by your members principally, and that that is a part of your body?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. Suppose that the employers should say to you: "We believe that you are trying to do what is right, nevertheless we differ with you in your conclusions; now we suggest that somebody comes in to arbitrate; you propose to decide the matter for yourselves, but we have some rights; let us have have an arbitration." Would your rules permit an arbitration under such circumstances?

Mr. BISHOP. No, sir.

The CHAIRMAN. In other words, you reserve to yourselves the final and absolute right to decide whether you are right or not?

Mr. BISHOP. Yes, sir; for the reason that we believe we are able to judge of the merits of the case and know what our labor is worth.

The CHAIRMAN. On the other side, the employers claim that they are able to judge of the case and to know how much they can afford to pay; and in that state of things both sides are desirous to avoid a strike and avoid trouble. Still there is nothing in your arrangements which would authorize your governing body to agree to an arbitration?

Mr. BISHOP. No, sir.

The CHAIRMAN. Would you refuse an arbitration in case it was offered under such circumstances?

Mr. BISHOP. You mean as an organization?

The CHAIRMAN. Yes.

Mr. BISHOP. I could not say. No question of that kind has ever arisen, and consequently I could only presume an answer, and that I would not like to do.

The CHAIRMAN. But if such a thing as an arbitration was offered under such circumstances, do you suppose your association would take the question into consideration, or would they simply say, "We will not even consider it; our decision is final"?

Mr. BISHOP. There may be cases where they would do it.

Mr. BOYD. Let me ask, Mr. Bishop, whether there is anything in your rules or regulations which prevents an arbitration?

The CHAIRMAN. I understand him to say that it is not dealt with at all. [To the witness.] There is nothing with reference to an arbitration in your rules?

Mr. BISHOP. Our rule on that subject reads: "To obtain by conciliation and all other honorable means just and right pay for the work performed," &c.; local regulations, of course, being considered.

The CHAIRMAN. Then there is nothing in the rules that would prevent an arbitration if you approved of it?

Mr. BISHOP. There is nothing said on that subject.

The CHAIRMAN. Since you have been at the head of this organization and known of its existence, what do you think has been the effect of it? Has it been to diminish collisions or strikes or to increase them?

Mr. BISHOP. We have had less trouble since its formation than we had before.

The CHAIRMAN. Do you find the employers ready to meet you half-way and talk over the troubles in a friendly spirit?

Mr. BISHOP. We do in the West. We do, though, sometimes find objections on the part of employers to conferring with us on any subjects whatever.

The CHAIRMAN. Are there any instances in your iron or steel works in which the rule prevails not to employ any one belonging to the union?

Mr. BISHOP. I have heard of cases of that kind.

The CHAIRMAN. But, as you have stated, you have no rule which says that men shall not work with other men who do not belong to the union?

Mr. BISHOP. No, sir; we have no such rule.

The CHAIRMAN. Then the exclusion is on the part of the employers, not on yours?

Mr. BISHOP. We have no rule excluding from work those who do not belong to us. We have, as I stated before, information of mills where men who belong to our organization are denied the privilege of working; and I am free to say that in all such cases I believe it would be far better for the employers if they would give us a recognition.

The CHAIRMAN. In the cases where that exists, do you know whether the conclusion of the employees had followed a strike?

Mr. BISHOP. I have no knowledge of any strike ever being in those places.

The CHAIRMAN. Take the case of the Cambria works, which I suppose is near you, and, as you are the head of the organization, is of course known to you. They would be in the second district?

Mr. BISHOP. No, they are not in the second district. The second district is away west of that.

The CHAIRMAN. At Cambria there was a strike. Is that one of the works where only non-union men are employed?

Mr. BISHOP. I had no reference to that case when I answered the question. I see from the newspapers that they had arrived at some such determination. I could not say whether the Cambria Iron Works would deny a union man the right of working there or not; and if they did, I could not say it would be the result of a strike.

The CHAIRMAN. Was the strike which took place at Cambria ordered by the organization of which you are the head?

Mr. BISHOP. No, sir; there has been no strike in Cambria since I have been the president of the association.

The CHAIRMAN. The organization was in existence at the time the strike took place at Cambria?

Mr. BISHOP. The United Sons of Vulcan was in existence.

The CHAIRMAN. As I understand, they ordered or approved that strike?

Mr. BISHOP. They were in full sympathy with it.

The CHAIRMAN. And assessments were levied, were they not, in order to maintain the strike?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. Another works that I have heard mentioned where union men are not permitted to be employed are those at Troy. Is that one of the cases that you know of?

Mr. BISHOP. I have heard of that case.

The CHAIRMAN. If the men (who are non-union men) employed in one of those works where union men are not permitted to work should go upon a strike, they could get no assistance from your organization?

The WITNESS. Yes, sir, they could.

The CHAIRMAN. Notwithstanding they are not members?

Mr. BISHOP. It is optional with us.

The CHAIRMAN. Then you could actually assist men who are on a strike, and who are not members of one of your associations?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. You reserve to yourselves the right to do that?

Mr. BISHOP. Believing we have a common interest, and have a right to aid each other.

The CHAIRMAN. In other words, as you stated at the outset, your object is to promote the welfare of your own people, and if you can do it by helping non-union men, you will do it?

Mr. BISHOP. It may be, as I said before, that there is a case worthy of assistance.

The CHAIRMAN. Has this association a reserve fund, or does it rely upon assessments?

Mr. BISHOP. It has a reserve fund.

The CHAIRMAN. A regular contribution of the members, whether there is a strike or not?

Mr. BISHOP. Yes, sir; a monthly contribution.

The CHAIRMAN. Have you any objection to telling the amount? If you have, I will not press the inquiry. I will say to you, however, that I see no reason why you may not properly make provision for an accumulation on hand, as the ability of the members to serve themselves depends upon the fact of their having this accumulation.

Therefore, if I were in your place, I would not hesitate to answer the question as a matter of propriety; but I leave it to you to answer it or not. Do you make allowances to your members in sickness or distress?

Mr. BISHOP. Do you mean by what are commonly termed "sick benefits," or such benefits as are usually paid by beneficial societies?

The CHAIRMAN. Yes, sir.

Mr. BISHOP. No, sir.

The CHAIRMAN. This is simply for a trade purpose, or for the purpose simply of maintaining your trade interests, and for no other purpose?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. Are you incorporated under the law?

Mr. BISHOP. No, sir.

The CHAIRMAN. Then your officers would not be subject to the penalties which are provided by law for breaches of trust on the part of officers of incorporated companies?

Mr. BISHOP. Of course we are subject to our own regulations. We are not incorporated by State or national authority.

The CHAIRMAN. You know that after some trouble in England the organizations there succeeded in securing legal recognition. They considered it a great benefit. In this country is there any obstacle to your legal recognition? Could you not incorporate yourselves under the laws of your States, if you wanted to do so?

Mr. BISHOP. I do not know. Judging, Mr. Chairman, from the little progress made last winter by the Iron Moulder's Union of North America, who have a bill before Congress at the present time asking for a charter, I am inclined to the belief that we would make very little if any progress, and perhaps meet with utter failure in the end.

The CHAIRMAN. Are you aware that the State laws authorize incorporations, and that when corporations are created they have the rights of all corporations in any of the States of the Union, and that, therefore, it is not necessary to come to Congress? The reason why these gentlemen have not made any progress is that the Judiciary Committee are unable, thus far, to see any right or power in Congress to grant the incorporation while they can obtain a charter under the laws of the States.

Mr. BISHOP. May I ask a question?

The CHAIRMAN. Certainly.

Mr. BISHOP. Why cannot Congress pass such a bill?

The CHAIRMAN. Because it is one of the things which are believed to be withheld from Congress. Nowhere has it yet been found that Congress has been given powers to make incorporations for any such purpose. It is doubtful whether they have the power.

Mr. BISHOP. Is there any law which would deny to Congress the right to do it?

The CHAIRMAN. I must explain to you that point. The Congress of the United States has no power except that which is granted to it under the Constitution. All the powers not granted are reserved to the several States. You must find, therefore, an exception to the general denial of power and an express grant for that specific purpose. We have not found any such express grant of power, and the inference is that that power is among the others reserved to the States. Besides, these organizations, such as the National Moulders' Union, can go into the courts, under the laws of the State of New York, for instance, and have all the rights which they could have under incorporation by Congress; therefore there is no occasion for them to come here for that purpose.

Mr. BOYD [to the witness]. What advantage do you think there would be, even if the power on our part existed, in having a general law as compared with a State law?

Mr. BISHOP. Only this, that I think it would give such organizations a more general recognition, and that such a law, if properly understood and practiced, would work for the general good both of those who are employers and of those who labor for them.

The CHAIRMAN. A word more upon the point to which I referred. One of the incorporations with which I am connected is located in the State of New Jersey. It has its property there, and has the right of protection for its property, not only in the courts of that State, but in the courts of any of the States of this Union. There is no prohibition of any kind upon its rights with regard to locality. So it is with charitable incorporations. The moment they are incorporated they acquire all the rights, the right of appeal, &c., upon the questions concerning them arising out of the State in which they are located.

Mr. RICE. Congress could not possibly incorporate your organization.

The CHAIRMAN. They could not incorporate an iron company; there is no grant of power for them to do that. They have incorporated banks and railroads under peculiar circumstances, where the railroads passed through Territories of the United States, and the jurisdiction was divided. So with the banks; they incorporated them under the general power which gave the government the control of the money question. But in no other case can they take such action. They violated the Constitu-

tion, in my judgment, in one case. They incorporated a national insurance company. I could find no power under the Constitution for Congress to do that; and the result of it was most disastrous; the poor people who invested their money lost it. The scheme of the Freedman's Bank proved most disgraceful and disastrous.

Mr. BISHOP. If you will allow me I will state the reason for asking the question about the right of Congress in the matter. I have an indistinct recollection of some members of Congress—I could not just name them now—who have been making particular inquiries regarding the position of trades-unions upon the subject of the troubles of the summer of 1877, particularly the troubles at Pittsburg, with a view of basing on that information their action as Representatives on the question of the charter of such organizations. I inferred from that, if it could be shown in any manner that trades-unions participated in or sympathized with the riots, the Representatives would feel fully justified in withholding any favorable action from the bill providing for the incorporation of the Moulders' Union.

The CHAIRMAN. I think you have been misinformed as to that; I think it is a misapprehension on your part. The first question would be the question of power; and so far as that has been examined here by lawyers (I am not a lawyer, but I have been asking lawyers what their judgment was) it has been that there was no power in Congress to pass such legislation.

Mr. BOYD. There could be no objection to favorable action, I suppose, if Congress had the power to act; but, as has been suggested by the chairman, our State laws have already liberally provided for the incorporation of such organizations.

Mr. BISHOP. I am free to say here that we who are connected with trade organizations have been looking forward with a great deal of anxiety to the passage of the bill for the incorporation of the Moulders' Union.

The CHAIRMAN. Suppose it should turn out, on the report of the Committee on the Judiciary, that there was no power to grant the request, you would not expect the bill to pass?

Mr. BISHOP. We certainly would not expect an impossibility.

Mr. RICE. Mr. Bishop, you will find many members of Congress—and I would not hesitate to say that among them are the members of this committee—who, while they do not commit themselves on the question, are very kindly disposed toward these trades-unions, and have been looking into the matter with a great deal of care and with a desire to see through them, and to see where there may be worked out improvement for both labor and business. So that we do not share in any of that feeling to which you have referred. The only trouble is that we do not see how Congress can incorporate a trades-union in regard to the iron business any more than it can incorporate a company to carry on the iron business, and which we know it cannot do.

The CHAIRMAN. The object of the questions I have put to you about trades-unions and the organization of your union was to disabuse the public mind of any error in regard to the intentions of your organizations. Of course, if you have anything objectionable in the organization of your societies, the making them public will be very likely to correct that and lead to the improvement of the organization itself. But we do not claim, and I am free to say that the committee are unanimous in that opinion, that we have any power to supervise your trades-unions. We have the right to find whether they are advantageous to the interests of labor or detrimental to the interests of labor, and that is the problem we have been trying to work out. I understand you to say that the effect of your organization is to discourage strikes, and therefore it has been advantageous both to capital and labor, for there is nothing more hurtful to either than a protracted strike.

Mr. BISHOP. I am free to say, Mr. Chairman, that we are opposed to strikes, and that under no circumstances will our organization permit a strike when it can be avoided, and then only when it is the last resort we have for getting a fair day's pay for a fair day's work.

The CHAIRMAN. It was my knowledge of that fact which induced me to ask the question which you have already answered, viz, whether there was not one step forward which might be introduced and which had not yet been resorted to, and that was arbitration on both sides. I hope sincerely that that will be considered on both sides.

Mr. BISHOP. With regard to arbitration I think that perhaps our men are divided on the subject. I think we have some who are favorable to it, and others, again, would no doubt oppose it.

The CHAIRMAN. Arbitration in England has been applied of late under very favorable circumstances. It has always been on a falling market, and the arbitrator has been always obliged to decide that wages should go down. It has been a very great trial to the laboring men, but they have abided the result with credit; and I have yet to hear of one case where the men have not stood up loyally by the bargain which was made.

Mr. BISHOP. I doubt the advisability of establishing arbitration at the present time. I think it would be better at some other time. If arbitration must be resorted to, I

think it would be better that it should be adopted at a time when everything was quiet, when there are no indications of labor trouble whatever; and then each party would take the chances of a fall in the market.

The CHAIRMAN. At present you are working under the sliding-scale of which Mr. Edwards spoke?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. Is it working well now?

Mr. BISHOP. Yes, sir. The scale, however, is somewhat different from the scale made at the time referred to by Mr. Edwards. The figures are changed, but the principle is the same.

The CHAIRMAN. The original sliding-scale was found to work badly, at least there were objections to it when the market fell. It was thought to be a little too hard on the employer then.

Mr. BISHOP. It worked both ways. The original scale provided that for each advance of one-fourth of a cent in the price of bar-iron, the price of puddling would advance 25 cents per ton; and, on the other hand, for each decline of a quarter of a cent in the price of iron the price of puddling would decline 25 cents per ton. The rule is that iron does not advance by quarters or halves; it goes up more by tenths. Therefore, under the former arrangement, the iron might advance two-tenths without the puddler getting any benefit whatever. On the other hand, it might decline two-tenths without the manufacturer getting any benefit. For that reason it was thought better to revise the figures, and that led to the scale referred to by Mr. Edwards providing for a rise or fall by tenths.

The CHAIRMAN. Did you alter the rate of wages in any way?

Mr. BISHOP. No, sir. The change only provided that we should get an advance of a tenth of a cent, instead of waiting for iron to go up a quarter of a cent, and that there should be a corresponding reduction when it went the other way.

The CHAIRMAN. Do you confirm what Mr. Edwards has said about the districts; that each district makes its own rates; that is to say, is this sliding-scale universal throughout all its districts, or may they adopt a different rate in particular districts?

Mr. BISHOP. No, sir; it is not universal. The scale differs in some sections from what it is in others, and then other places have no scale whatever.

The CHAIRMAN. How do they get on where they have no scale? How do they manage; by agreement?

Mr. BISHOP. By mutual agreement.

Mr. CHAIRMAN. But the union requires that there shall be the same rate in that district?

Mr. BISHOP. As near as we can, we practically do so.

Mr. RICE. Have you established a district in Massachusetts, and extended the scale there?

Mr. BISHOP. No, sir; we have not yet.

The CHAIRMAN. Suppose that an employer and his employés in a particular district, where they have a sliding-scale, were to come to an understanding by which the employés should take less than the rate, in order to execute a particular contract. The employer represents to them that he is in difficulty, and proposes to them to work for less to finish this contract, and they say, "Well, we will work along for six months longer to keep you on your legs." Would your organization tolerate such an arrangement as that?

Mr. BISHOP. With the scale of prices in existence, do you mean?

The CHAIRMAN. Yes, with the scale of prices in existence. Take a case in Pittsburg, for instance. An employer there, who has paid his men and dealt fairly with them, says, "Now, I have got to stop; but I could get through this trouble, provided you would all turn in and work at such and such a rate." The men say, "Let us pull through and keep the concern on its legs." Would you make an exception in such a case and permit it?

Mr. BISHOP. We have had a few cases of that kind, but not in the manner you refer to. Instead of making a reduction in wages, the men have allowed the employer to have the use of a certain sum of money. Instead of their employer going to the bank, and paying a high percentage for money, they would permit him to use a certain amount of their wages, and pull him through his trouble in that way.

The CHAIRMAN. It was very creditable to the workingmen to do it. But take a case such as we had the other day, where we had a blast-furnace running and were going to blow it up. Before doing so, we called a meeting of these people, and said to them, "Now, if you choose to go on with this furnace and work, you may have the whole of the proceeds; whatever it produces over the cost of the raw material, we will give you." They accepted the offer, and the cost of production was less than the current rate of wages in the neighborhood. Would you find that that was a violation of the union rule? Or was it a case in which you could make an exception?

Mr. BISHOP. We might and we might not. I think it is a case that might lead to

a great deal of trouble, and that in such a case the men would be justified in declining to make the arrangement.

The CHAIRMAN. But these men did not decline.

Mr. RICE. Suppose that the men engaged in any such arrangement had belonged to your organization, what would you have done with them if they had accepted the proposition?

Mr. BISHOP. We never had a case of that kind to deal with.

The CHAIRMAN. There is nothing, however, to prevent your dealing with such a case?

Mr. BISHOP. As I stated before, the manner of dealing with cases of that kind is confined to the district, and the district could authorize an arrangement of that character. We have no law denying to a district the right to do so; and, in fact, the district has entire jurisdiction in such matters. The great trouble in cases of that kind, however, is that every other employer expects the same of his men that the men of another concern may have conceded to their employer. For instance, you may have works located here or there, no matter where; the men make a certain concession to you, either in the price of labor, or in other conditions, which gives you an advantage over the established system in that particular section of the country. This advantage may be made use of in such a manner as to be of great disadvantage to another employer. That employer would then come to his men and say, "I demand the same terms of you that my neighbor gets from his men." In that way we find that it runs from one to another. It would work a great deal of injury, not only to the men in reducing their wages, and thereby limiting their purchasing power, but generally to that business community and to the trade.

Mr. RICE. Suppose there are two works, at both of which are employed men belonging to your society, and one of them should get a little advantage over the other for any reason. We will say, for instance, that a railroad that has been a convenience to one of the concerns is discontinued and the works cannot compete with its rival as it did before. Suppose further that those works are situated in a village which has grown up around them, where the workmen have lived and worked all their lives, and it comes to pass that by reason of this change (for which the owner of the works is not responsible at all) the works cannot continue to employ the men unless they take less wages. The question is put before the men whether they will work for less and let the works go on, and they continue to live there where they have lived and work where they have worked; they are desirous of doing it; they accept the proposition. Now, what action would be taken against those workmen, in your judgment, for having done that, by the union to which they belong?

The CHAIRMAN. That is, would they be excluded from the union? I suppose that is the penalty.

Mr. BISHOP. That case would admit of a variety of views perhaps. If the matter had been advised by the district in the way I have stated, of course there would be no objection to it.

Mr. RICE. That is, you would consider it a matter for discussion and consideration, and if you would see that the association would not be injured while these men would be benefited, probably it would be allowed.

Mr. BISHOP. There is where the injury comes in. We are unable to see wherein society could be benefited, or, in other words, we are unable to see how that could result otherwise than in injury. In the first place, the concession in that case, as you put it, by a reduction of wages, means a reduction in the cost of producing the iron.

Mr. RICE. But there is an increase in the cost of transportation which prevents that mill from running, if the usual rate of wages is paid there.

Mr. BISHOP. The reduction in the cost of production means a reduction in the cost of production of iron elsewhere. The history, I believe, of all questions of this kind, at least the bulk of our information (perhaps that would be the better way of putting it), justifies us in the opinion that all movements of that kind have an evil rather than a good tendency. Reducing the price of labor does not tend to benefit the community.

Mr. RICE. Would you rather have those works fail, and those workmen be driven off somewhere else to hunt work, than to have them work at a less rate?

Mr. BISHOP. We believe that the prosperity of our country depends very much upon the purchasing power of our people, and when you limit or reduce that purchasing power, you injure its prosperity to that extent. As an organization, I believe our members would agree in this opinion, that perhaps one cause of the trouble has grown out of the very limited purchasing capacity of the people.

The CHAIRMAN. You mean that if they had more money they would buy more?

Mr. BISHOP. That it would create more demand.

The CHAIRMAN. Would not the purchasing power of those people who would have to surrender something they now have be reduced?

Mr. BISHOP. Not necessarily.

The CHAIRMAN. Is not the purchasing power of one man proportionate to the amount of capital he now has?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. If you take away a portion of that power from one man, and give it to another, do you not diminish the purchasing power of one man for the benefit of another?

Mr. BOYD. The question is whether it is proper to punish the few for the benefit of the many?

[Mr. Bishop here made a reply which was inaudible at the reporter's seat.]

The CHAIRMAN. I understand, then, your testimony to be to the effect that the organization of these unions has been a benefit, in your judgment, both to the employer and employed, and that they are both better off than they would have been without the existence of the unions?

Mr. BISHOP. I believe that.

The CHAIRMAN. Let me ask you another thing about the employment for labor. When employment is slack, does your union do anything to lead the men to divide up the labor, so as to distribute it among a greater number? That is, do you help the men to divide up the labor, and is that done among them to a greater extent than is done by non-union men?

Mr. BISHOP. We have no special law on that subject; but, as we have a common feeling in regard to it, our men act upon that principle to some extent.

The CHAIRMAN. Is there at present much excess of unemployed labor in Pittsburgh? Of course I speak always of the branch of business with which you are connected.

Mr. BISHOP. I find quite a number of idle men.

The CHAIRMAN. I would like to arrive at about an estimate of the percentage of unemployed. Does the number of iron-workers or puddlers who are out of employment amount to as much as five per cent. of the whole—one in twenty?

Mr. BISHOP. I could not say. There is a floating population, a sort of French class who are moving about, and I think perhaps quite a number of that class are to be found in our locality. It would be difficult to say just what proportion they amount to.

The CHAIRMAN. It has been asserted very frequently before the committee, that large numbers—some have said one million, some a million and a half, and some two millions—of the workingmen of the country are out of employment. If we could determine as to some percentage of the number in Pittsburgh or particular localities who are not able to get work, we might ascertain whether the percentage is so considerable as to warrant any such statements.

Mr. BISHOP. I could not say. We have a working population, and basing my answer on the assumption that the other manufacturing localities have been doing as well as Pittsburgh, I would say no. As I have no information as to what other manufacturing localities have been doing in different branches of the business, I would not perhaps be justified in expressing an opinion. Taking Pittsburgh by itself, I would say no.

Mr. RICE. Are there many laboring men in your business who have been permanent residents there, and who have been industrious workmen of good habits, who are now unable to get employment?

Mr. BISHOP. We have some of that class; yes, sir.

Mr. RICE. More than you have had in years heretofore—I mean until within the last two or three years?

Mr. BISHOP. I think so.

The CHAIRMAN. Do you see any remedy for this state of things beyond that of the gradual improvement which always comes when prices get low and the people begin to buy things because they are at low prices? Does anything else occur to you by way of legislation to improve the state of things?

Mr. BISHOP. I do not know, Mr. Chairman, unless you could legislate people into work.

The CHAIRMAN. Some people have suggested to us that we should issue a very large amount of paper money; that that would give them work. But you have evidently gone on the idea of enlargement on their purchasing power, and you do not measure that by the number of dollars a man gets, but by the amount he can buy with his wages. Would there be anything gained by putting out this paper money, in your judgment? Would that produce any work?

Mr. BISHOP. I do not know whether this is drifting into politics or not; I am free to say here, on this money question, I think it is one of those wide, deep questions that the people, as a mass, do not understand; I am free to say I do not want to discuss it.

The CHAIRMAN. You have discussed the other questions very freely, and I am glad to hear that you do not wish to discuss that.

Mr. BISHOP. I have been noticing that ever since the financial question has been before Congress, and with all the legislation we have had about it, it still seems to be a question which, if settled, does not seem to be settled to the satisfaction of some people at least.

The CHAIRMAN. All this time the prices of manufactured products, not only of the manufacturer, but what the farmer produces, have been downward, have they not?

Mr. BISHOP. The tendency has been downward.

The CHAIRMAN. And the effect of low prices is to increase consumption. I suppose that in the end that must happen; that has always been the rule heretofore.

Mr. BISHOP. Perhaps one means that might be suggested for relieving a large class of people is that of the government, by the necessary legislation, giving a stimulus to government works, public works of different kinds, the improvement of rivers and harbors, or any other matter that would be of benefit to the country, and at the same time furnish employment to many of the people. That would no doubt relieve the situation very much.

The CHAIRMAN. Money expended in that way would have to be raised by taxation, would it not?

Mr. BISHOP. No doubt it would.

The CHAIRMAN. Would not that take away a like amount of capital that is now employed in other branches of business, the iron business and other industries, and by putting it in that kind of work displace an equal number of men who are now employed?

Mr. BISHOP. I do not understand it in that way.

The CHAIRMAN. Take my own case as an illustration. I have an iron-works; I have to pay my share of tax on capital I have invested there. I can only employ men by using my capital. If the government takes away my capital, even the smallest part of it, it takes away in that proportion my ability to employ men. It could only get the money which it would appropriate in that way by taxation. Every dollar of the money thus spent would be paid by somebody.

Mr. BISHOP. I believe on that subject that if by proper legislation the government can keep the large establishments and industries in motion so that they can give employment to the people at remunerative wages; the people would be much better able to pay the taxes, and the country move along more easily.

The CHAIRMAN. We are urged also to spend a million of dollars to build armories; that is one of the propositions now pending. There are a number of private establishments through the country now prepared to make guns. Would it be of any more benefit to the people for the government to do that work at Springfield, rather than to order it to be done at private establishments?

Mr. BISHOP. I do not understand you exactly.

The CHAIRMAN. I say that it has been proposed to us from some quarters that the government should spend a million dollars to build armories. At the same time there are these large private armories run by manufacturers, who want to make guns. Would we not accomplish the purpose you aim at, of distributing the money among the people, by spending it through these private concerns rather than by having the government do the work directly?

Mr. BISHOP. Provided you distributed as much of it.

Mr. RICE. Whichever did the more would be the more beneficial.

Mr. BISHOP. The most good would come, I presume, through that channel which would create the largest circulation of the money.

The CHAIRMAN. A million of dollars would make a large circulation in either case.

Mr. BISHOP. If the mass of the working people would get it and circulate it around among those who trade with it, then it would be of vast benefit. On the other hand, if it was simply running into the coffers of a few, it would be hoarded up and do the people of the country very little good.

The CHAIRMAN. Your idea, then, is that the government should compel the employers to employ their capital, and that, if they will not do that, the government should take it from them and employ it for them.

Mr. BISHOP. No; I do not say that.

The CHAIRMAN. Let us understand it. Your idea is that the government should spend a large amount for labor, and that that would be a benefit to the community. Now, they cannot take any money to spend that does not exist. They cannot take it from the poor man; therefore you would have them take it from the capitalist. Now, you think it would be better for the government to take that money and spend it than to have it spent by the capitalists themselves?

Mr. BOYD. I understood Mr. Bishop to say that he would have it spent in the improvement of public works.

Mr. BISHOP. I was not speaking of the private enterprises; I am speaking of public works.

The CHAIRMAN. I am speaking of private enterprises. I say that you cannot spend capital that does not exist, and that, in order to spend it as you suggest, you must take it from somebody.

Mr. BOYD. As a matter of course, if you increase the wages of the poor man, you enhance his ability to purchase. The more money you give him, the more able he is to pay.

The CHAIRMAN. But you take it from some other quarter. All this money is now employed; none of it is lying idle.

Mr. RICE. How is the government going to get it?

Mr. BOYD. The particular suggestion made by the gentleman, Mr. Bishop, was the employment of the money in public improvements.

Mr. BISHOP. That was my suggestion. And upon that two points have been raised whether it would be better for the government to invest the money, or whether private enterprises should do it—which would do the most good. I answered, the one that would put the most money in circulation; that by that means a demand would be created for something that people do not buy now. My idea is to give employment to the people and to the men who give them money.

The CHAIRMAN. If you give them work they would be able to buy. The only question is whether, by the process you suggest, you would not take money from some other people.

Mr. BISHOP. I evaded your question somewhat, because I misunderstood it. In speaking of the capital of other people, I do not wish it to be understood that our organization, in any way, gives color to the idea that the property of one man should be taken from him and given to another simply because he has not made the proper use of it himself.

Mr. RICE [to Mr. Bishop]. Your idea would be to substitute the government for the private establishments only where the latter could not give employment. If labor was generally employed through private instrumentalities, you would not care to have the government do anything but what it had to do; but, at this time, there being a large proportion of labor unemployed and capital being timid, lacking confidence (so that there are a great many laborers unemployed), you would like the government to step in and do something that would employ those who are not employed.

Mr. BISHOP. And relieve the people.

The CHAIRMAN. In other words, you think it is a good time for the government to step in and afford relief in that way?

Mr. RICE. That is to say, if we have got to spend two millions of dollars in the next few years in making fire-arms, the present is a good time to do it. Your idea is not, however, that it would pay, for instance, to dredge out a stream that may never be needed, or to build a court-house that is not wanted.

Mr. BISHOP. I think it would be a good time to carry on public improvements.

Mr. RICE. Such as are needed.

Mr. BISHOP. O, no; I mean a judicious expenditure of money in public works, so that the supply of money could benefit the many, improve the condition of the people, and revive business.

The CHAIRMAN remarked that he did not differ with the witness, and had been inquiring as to the wisdom of pursuing the course suggested by him. He thought that any proper means that could be put in operation for transferring floating capital into fixed capital more rapidly than it had been done would be beneficial, and suggested that recent large governmental appropriations had shown a disposition in the direction described. As the previous witness, Mr. Edwards, had been somewhat fully examined on the points here touched upon, he thought it unnecessary longer to detain the witness, unless there were other points to which the witness desired to call attention.

Mr. BISHOP. There is a point, Mr. Chairman, that I would like to say just a word about. I want to put our trades-unions in their proper light. I am forced to the feeling that they are misunderstood, and that there is a public prejudice existing against them without a cause.

The CHAIRMAN. You are aware that you were called before the committee as a representative of these trades-unions, and that the reason was to afford an opportunity for disabusing the public mind of whatever prejudice existed in it against those organizations. That was the purpose.

Mr. BISHOP. Yes, sir. What I was about to say was this. Last winter I was here with a few others, representatives of our trade and our district. We were here in the interest of the tariff question. During my stay, in conversation with a number of members, I was asked—and I remember the question being put by one member particularly—"What was the position of trades-unions with regard to these outbreaks?" He referred particularly to the Pittsburg riots. Mr. Edwards had stated here that the railroad men, on that occasion, showed a disposition to, and in fact did, aid in protecting railroad property, by removing cars, &c., to a place of safety. At that very time, the men who had worked in mills in our locality, and who were members of our society, fearing, perhaps, that some of that mill property would be endangered, called meetings and decided that they would protect the property of their employers. They did do this, and guarded the property as long as the occasion required. Those troubles were never created or carried on, in my opinion, by trades-unionists. If they were, then the men who carried them on were very bad members of those unions. The society to which I belonged called a meeting in Pittsburg and considered the subject of the troubles, and denounced the riots from first to last. While we believe we have a right to organize, believe that our interests are advanced by so doing, and while we feel we have a common interest with our employers, feeling friendly towards

them, and wish to meet them as friends, and settle in that spirit any questions that may arise between us, we believe we have no right to countenance or sympathize with any riotous movements, such as burning, killing, &c. That belief is expressed in the spirit of our laws; it is announced in our organization, and we insist that our members must respect the laws, and show themselves to be good citizens of the community. We tolerate none who are not such.

The CHAIRMAN. Another question that occurs to me is this: Suppose the strike had been ordered, and the employer had hired none but non-union men and brought them into his mill, would you tolerate any interference with those men thus brought in; that is, any interference other than persuasion and argument? Would you tolerate any direct intimidation?

Mr. BISHOP. No, sir.

The CHAIRMAN. You would discourage it?

Mr. BISHOP. I would do this, Mr. Chairman, which you or any other gentleman would have a right to do under the circumstances: For instance, you are a manufacturer engaged in a certain business, and believe that the product of your business is worth a certain price. You want to get that price. Another man may come into your locality and go to work, and offer the product of his mill at a less price. The price of your product is lessened, and you are obliged to come down to meet his figures. You thereby make less money. Now, you have the right to talk to him on the subject and reason with him as to what his interest is. That is all that we claim to do. If, after reasoning with a man, he is disposed to go on in the way that we believe to be injurious to his own best interests, we let him do it.

The CHAIRMAN. But you are aware that it goes beyond that in practice, however?

Mr. BISHOP. Never, in our society.

The CHAIRMAN. If you find it going beyond that, you do not try to prevent it?

Mr. BISHOP. I can only say, that we have never encouraged strikes. It is true we were charged with that, but we have never been guilty of it. Indeed, the reports inimical to our fair standing in the community have been often much exaggerated. Once, when we had a strike of several months in the city where I live, it was reported abroad that the streets were running with blood, and so on; and yet the fact was at that time, that the peace of the city never was better.

The CHAIRMAN. The old strike in Pittsburg, in 1867, was accompanied with some murders, was it not?

Mr. BISHOP. I do not recollect that it was.

The CHAIRMAN. I refer to the long and famous strike in Pittsburg, in 1867, when certain persons were killed. The matter, however, is one of official record. There were murders at the time, and it was charged that they were committed by the strikers. Yet, on the trial, I think it was very clearly proven that the strikers had nothing at all to do with them. The fact appeared that murders had taken place in a low grog-shop where certain strikers were in the habit of resorting, and upon the strength of that it went all over the world that the strikers were murdering people. I was in London at the time, and saw the newspaper accounts. Finally, when the matter was traced out, it was shown that the responsibility for the outrages did not rest with the strikers at all.

Mr. BISHOP. I have a distinct recollection of that strike. I worked in Pittsburg then, went through the strike, and remember many of the incidents of it, but I have no knowledge of that to which you refer.

The CHAIRMAN. If you remain in town until to-morrow, I think I can turn to the record of the case I have spoken of.

Mr. BISHOP. It was my knowledge of the fact that unwarranted rumors, such as that one, had been disseminated to our discredit, that caused me to make the remark which I made a moment ago. Murders may occur at any time, and often do occur, even when laborers are employed at high wages, and it does not follow that they are, in any manner, necessary incidents to labor troubles.

At the meeting of the committee on the following day, Mr. Bishop again appeared and made the following statement:

Mr. CHAIRMAN: I stated yesterday in a brief way the objects of our association, which statement was substantially the improvement of its members, and our advancement in everything that tends to make us good citizens. This morning, Mr. Chairman, I noticed in your examination of Mr. Humphries, that you questioned him with regard to whether the trades-unions of Pittsburg had any connection whatever with the railroad companies, and, indirectly, whether they were identified with the riots at Pittsburg. It then occurred to me that it might be well for me to make that matter clear by showing the action of our organization on the subject, so far as its local action in Pittsburg is concerned, and the action of its national convention. Those troubles took place in July, 1877. The time of meeting of our national convention is the first Tuesday of August in each year. The convention met in that year in Columbus, Ohio, at a time immediately following the riots. At that convention I recom-

mended that a committee be appointed to draw up a series of resolutions, expressing the sentiments of the organization on the subject of the recent labor troubles. I was made chairman of the committee, and it was made up of persons representing different sections of the country. During the session the committee presented a report, and to that I ask your attention. I hold in my hand an extract from the proceedings of the convention containing the report of the committee.

The CHAIRMAN. If you will hand that to the stenographer it will be entered on the record. I suppose the general purport of it is a condemnation of the riotous demonstrations?

Mr. BISHOP. Yes, sir; it is a condemnation of all violence, and of anything which has any tendency whatever to disturb the public peace and order of the community. Of course, at the same time, we expressed sympathy for the railroad men in the situation in which they were then placed. I submit the report as being, perhaps, a better statement than any I could make as to the position of our convention on the subject.

The paper presented by the witness is as follows:

The special committee on railroad troubles reported as follows, through their chairman, President Bishop:

COMMITTEE REPORT.

Whereas it is proper that every association of workingmen in times of conflict and trouble should give expression to their sentiments of right and wrong; and

Whereas the Association of Iron and Steel Workers of the United States, from its infancy to the present, in times of prosperity or adversity, when in conflict or at peace with their employers, have advocated and upheld law, peace, and order; and

Whereas, in view of the recent scenes of riot, incendiarism, theft, &c., that have transpired, in connection with differences that have occurred between the employés of the various railroads and the companies operating the same, it behooves every honest workingman to make a declaration: Therefore, be it

Resolved, by the National Lodge of the Amalgamated Association of Iron and Steel Workers of the United States, in convention assembled in Columbus, Ohio, That we believe it to be the duty and privilege of all workingmen to combine for their common protection, within the provisions of our laws, and we appreciate every effort made by our toiling brothers to elevate themselves morally, intellectually, socially, and financially.

Resolved, That the demand made by the railroad employés for the restoration of the late ten per cent. reduction, and the modification of heretofore tyrannical rules and orders, was just and proper, having full faith that the railroad companies, by proper management, are fully able and of right should accede to the same.

Resolved, That while we approve of the demand as just, and believe in the ability of the companies to grant that which was requested, we emphatically denounce any and every action tending to the violation of law and non-preservation of the peace and order of the country, knowing full well that every violation of law and every disturbance of peace and order tends only to injure the cause, and not only the cause but those engaged therein.

Resolved, That as an organization we are ready at all times to encourage and co-operate with any and all bodies of workingmen who seek by just and honorable means to resist oppression and the unnecessary reduction of wages, and to all such we extend our moral and financial aid and support.

Resolved, That as good citizens we love law and order and condemn the recent acts of lawlessness, destruction of property, and bloodshed, and that we are opposed to all riotious demonstrations and violence, whether perpetrated by citizens or persons in authority.

Resolved, That the arbitrary power assumed by corporations, railroads especially, and exercised in crushing labor to the earth, demands at the hands of all honest citizens serious and careful reflection, to the end that a way may be opened to strip them of some of the unlimited powers they possess, and thereby labor become better rewarded, and the country greatly benefited.

The CHAIRMAN. I would like to ask you, now that you are back on the stand, another question. What is your impression of the actual condition of iron-workers as compared with what it was twenty years ago—whether it is not one of more comfort and improvement than it was at that time?

Mr. BISHOP. I think it is; I think there is a great improvement. I am also convinced that that improvement is due very largely to the teachings of their organizations. We insist, so far as we can do so, that our members shall be sober and industrious men; we do not countenance intemperance; we do not countenance any man who is incompetent. We have no sympathy with such a man. We encourage education among our members, and lead them to educate their children; in fact, we urge upon them everything that is calculated to make them good citizens.

The CHAIRMAN. Then your association with each other in your meetings trains the workman necessarily to a better comprehension of the relations of capital and labor?

Mr. BISHOP. It does.

The CHAIRMAN. You have, of course, found a great deal of ignorance among them as to the functions which capital performs in society?

Mr. BISHOP. Yes, sir.

The CHAIRMAN. And that ignorance is being dissipated. You have noticed a difference in that respect?

Mr. BISHOP. I have; I am convinced that there has been a great improvement, and I am only anxious that that improvement should continue.

The CHAIRMAN. We are all anxious for that.

Mr. BISHOP. I think, Mr. Chairman, that the objects of trades-unions in matters of that kind are not fully understood by those who employ the workmen in our trades.

The CHAIRMAN. You have said something about the ignorance of the working people; now, let us hear something about the ignorance of the employers. Is it not a fact that, as a rule, the employers do not go outside of their business at all, that they do not consider the moral question involved, and that they are ignorant of their duty to the workingmen? In England I know that, in that respect, they are much worse off than in this country. I believe they have got to be taught by just such a process as that by which you are teaching your people, and by hard experience, that they cannot make money without they allow other people to have a chance.

Mr. RICE. There are many people in Massachusetts, among employers, who actually think these trades-unions are interferences with their business, and that those who enter into them do so for the purpose of making investigations into their private concerns. There is no doubt of it, Mr. Chairman, that they have something yet to learn.

The CHAIRMAN. There is a great difference, however, in the tone of the feeling which prevails between employers and their men as compared with what it was formerly. When I first was in business, I remember the tone was such that when a workingman came into the office, and asked to be shown anything about the business, he would be shown the door and turned out.

Mr. BISHOP. My position in connection with the union brings me in contact with workingmen all over the country, and I have means of knowing something upon this subject that I would not know were it not for the privileges I enjoy on that account.

The CHAIRMAN. That is the reason why we summoned you. We supposed you had special privileges.

Mr. BISHOP [continuing]. And throughout my experience I find this to be the rule, that where the employers encourage the men in organization, or rather, I should say, where they recognize those who represent the organization in their particular locality, there is almost invariably less trouble there than we have in the other places. The men fully appreciate the recognition, and I think that that recognition and appreciation brings about a more conciliatory spirit. On the other hand, where that recognition is not given to the representatives of the men in the works, the men feel somewhat vexed at it. They think that their employers assume to dictate, or to say, "You are worth just so and so; you have no voice whatever in fixing the price of your labor; you must take just what we offer you, and if you do not see fit to take that, why, just go about your business." I think the tendency of such a manner of doing business with the men is bad.

The CHAIRMAN. On the other hand, have you not occasionally found instances in which the representative men of your organization in the works "put on airs" a little, rather "lord" it, and undertake to train a little on the fact that they are the representative men and must be consulted? Have you not found cases of that kind?

Mr. BISHOP. Not to my knowledge. I have heard of cases of that kind, but have no knowledge of them; it was only from report, which I did not credit.

The CHAIRMAN. It would be very strange if they did not exist. I have heard of cases where I think there has been ground of complaint, where a man on being put into a responsible place in your organization felt he had a power that he could exert, and has rather claimed a privilege in the way of exemption, and exercised a power not called for.

Mr. BISHOP. No such case occurs to me. While you were questioning Mr. Humphries this morning a thought occurred to me in connection with other trade societies. I know of an organization which at their national convention adopted arbitration as a means of settling disputes, and instructed all its local societies to be governed accordingly. While I have not the information on hand (I telegraphed for it this morning, but have not received any reply) my recollection is, that in many instances, after the adoption of this system by the men, the employers refused to accede to it.

The CHAIRMAN. I think that that is very likely. We shall not get this thing adopted all at once. Both sides have yet to learn.

Mr. RICE. I should be very glad if Mr. Bishop would confer with his associates on the subject and indite anything he may ascertain on that point of arbitration, and furnish it to us. The question that occurs to my mind in regard to it is this: We know of the beneficial results of its adoption in England from the reports that have

been made of its operation there. The question with me is, whether there is any difference between the modes of thought of our people and those of England, owing to our society or our government, which would cause a different result here from that which has been developed there.

The CHAIRMAN. I think the result would be that we would have much fewer arbitrations here than there, and that there would be a much more general feeling of conciliation and mutual interest between employers and employed.

At this point, during the informal colloquy that ensued, the chairman, referring to the disastrous strike which occurred in Pittsburg some years ago, remarked that by a resort to arbitration an agreement upon a mutually satisfactory sliding-scale would probably have been arrived at.

Mr. Bishop replied that the time immediately preceding the strike was one of unprecedented prosperity, and that the price of iron would have warranted, he presumed, a rate of wages more than double that which was paid.

VIEWS OF MR. ANDREW NORTON PERRIN.

WASHINGTON, D. C., *December* 19, 1878.

ANDREW NORTON PERRIN, who appeared in response to the invitation of the committee, was interrogated as follows:

The CHAIRMAN. State your residence.

Mr. PERRIN. Titusville, Pa.

The CHAIRMAN. Are you an American citizen?

Mr. PERRIN. I am.

The CHAIRMAN. And born in this country?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. In what branch of industry are you interested?

Mr. PERRIN. I am interested in producing oil and have been in the other branches of that industry.

The CHAIRMAN. You speak of mineral oils?

Mr. PERRIN. Yes, sir; and I am now again preparing to transport.

The CHAIRMAN. Is there any depression in that branch of industry in the United States?

Mr. PERRIN. In the producing of oils? There is.

The CHAIRMAN. To what is it due?

Mr. PERRIN. It is due to two causes, viz, an excess of production and the fact that there is not freedom of trade.

The CHAIRMAN. You mean that there is too much oil for the market?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. How would freedom of trade enlarge the consumption? If the market has too large a quantity already, would greater freedom of trade make that quantity any less?

Mr. PERRIN. It would relieve a good many branches of the trade of our section. It would give freedom to the manufacturer and shipper.

The CHAIRMAN. Your trouble is, as I understand you, that you have more oil than you can find a remunerative market for?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. The price is so low as not to yield any profits—that is what you mean by depression.

Mr. PERRIN. It is rather too low to be profitable.

The CHAIRMAN. You cannot, then, afford to produce it for any less price than that at which you produce it now?

Mr. PERRIN. Not well.

The CHAIRMAN. Inasmuch as you have got it below the cost of production, why does not the market take all that it is capable of taking, no further reduction in price being possible?

Mr. PERRIN. The relief that I spoke of might not come readily to the producer, but it would come to the community. The communities not all engaged in producing are largely engaged in the manufacture of the oil, and in the manufacture of packages in which to transport the oil, &c.

The CHAIRMAN. Is there any law against people engaging in the production and manufacture of oil and so on?

Mr. PERRIN. None whatever.

The CHAIRMAN. It is free?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. Why do they not go into it, then?

Mr. PERRIN. Because we cannot get transportation.

The CHAIRMAN. The trouble is that when you have produced your article, you cannot get transportation for it?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. If you could get transportation for an additional quantity, would it not reduce the price?

Mr. PERRIN. I think not.

The CHAIRMAN. Do you think that an increase of the quantity on the market would not have the effect of reducing the price? I know that in the case of iron, for instance, an increase on the market would have that effect.

Mr. PERRIN. But our oil is on the market all the time in its crude state. The relief that I spoke of would come from the embargo being raised from the other branches of the trade connected with oil. The most of that business is performed now in other sections of the country. There are small branches there, but the most of the trade now is carried on in Cleveland, New York, and Philadelphia.

The CHAIRMAN. Is not the price of the manufactured product in New York, Philadelphia, and the other places very low?

Mr. PERRIN. There is one kind of oil quoted low; that is barrel oil for export; but oil for home consumption is not low in our own country.

The CHAIRMAN. Be good enough to tell me, as I have lost the run of it, what is the present price of refined oil of the proper standard test, of good quality?

Mr. PERRIN. For oil in barrel packages it is now about nine cents a gallon. That is, the oil that is lowest in price.

The CHAIRMAN. That is for export?

Mr. PERRIN. Yes. But remember there is a very large portion of the oil now exported in cases. That oil is high.

Mr. THOMPSON. In tin cases?

Mr. PERRIN. Yes, sir; a very large amount of it is thus exported.

The CHAIRMAN. Why is that higher than the other oil?

Mr. PERRIN. They claim for it a better or higher grade of oil. I believe they do put up some better grades in tin cases, as they claim to do, but they send them to the far eastern countries and to the southern markets. It is higher because there is an opportunity to receive a better price for it as specialties.

The CHAIRMAN. Is it not a trade open to all the world?

Mr. PERRIN. It is, if they get transportation.

The CHAIRMAN. I have a practical difficulty here which I would like to have removed. The complaint is that the price is so low as to be unremunerative. I understand it to be as low in the markets as nine cents a gallon, and that, to my knowledge, is very low. How would that be increased by free transportation? You would only bring more oil into market and make that price still lower, it seems to me.

Mr. PERRIN. I cannot say that free transportation would increase the price of refined oil in New York at once.

Mr. THOMPSON. On that point a single moment. Is not nine cents a gallon for refined oil high as compared with the price of crude oil?

Mr. PERRIN. There is a margin.

The CHAIRMAN. It is not a large margin, is it?

Mr. PERRIN. Not very large.

The CHAIRMAN It is not a fair profit, is it?

Mr. PERRIN. Not with open rates; that is to say, with published rates, what we call "open rates."

The CHAIRMAN. I do not think, if you make the case clear, that any benefit would be done to any interest by what you call "free transportation," but I will pursue the subject further by asking you what you mean by "free transportation"?

Mr. PERRIN. I mean by free transportation the extension of such facilities as will enable any person engaged in the production and manufacture of oil to move it to the seaboard.

The CHAIRMAN. Do you have any trouble in that particular?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. What is that trouble?

Mr. PERRIN. The railroad company refuse to afford cars.

The CHAIRMAN. They do not afford cars?

Mr. PERRIN. They do not afford cars.

Messrs. THOMPSON and RICE suggested that a legal remedy was available on the part of the sufferer from any such cause.

The CHAIRMAN. Do you not understand that the law makes provision for a case such as that of a common carrier who refuses to furnish cars?

Mr. PERRIN. We had supposed so, but Mr. Cassatt, of the Pennsylvania Railroad, in

the answer recently made by him, claims the right to discriminate as to the furnishing of cars by the corporation he represents, and also in rates. He does not make any concealment of the fact.

The CHAIRMAN. That is, does he claim the right to refuse to furnish cars?

Mr. PERRIN. He claims the right to discriminate.

The CHAIRMAN. Has any common carrier set up that he is not bound to furnish the means of transportation?

Mr. PERRIN. Mr. Cassatt said that he would not do it. I do not think he has ever claimed that he had the right to refuse to do it, but, I believe, he claims a right to discriminate in rates.

Mr. THOMPSON. I understand he has claimed that he has the right to distribute cars proportionately, and that you would have the right to have a certain proportion of the whole.

The CHAIRMAN. I have suffered from a like grievance in a similar case, being an owner of a colliery on the line of the Reading Railroad. We applied to the company for cars and were obliged to accept a less number of cars than we required. You say to the company, under such circumstances, "You must give us more cars." The answer is, "We have not got them." You threaten to seek your remedy in the courts, and they reply, "The court may order us to furnish them, but we have no more money with which to procure more cars, and cannot get any more money for that purpose."

Mr. PERRIN. That gives me the opportunity of stating that, in the case of which I have been speaking, the railroad company made the very statement which you now give as having been made. They made the same statement at a time when the average shipment from the oil region was less than thirty thousand barrels per day, and the fact is that, subsequent to that, they had cars enough to ship over fifty thousand barrels per day without any new cars having been constructed. My idea is that when they said they had no additional cars to spare (it was at a time when the daily average shipment was but thirty thousand barrels), they said what could hardly have been true; because after that, without any manufacturing of new cars, there were facilities at hand for the shipment of over fifty thousand barrels per day for from thirty to fifty consecutive days.

The CHAIRMAN. What corporation or railroad company was it that refused this?

Mr. PERRIN. There was a refusal on the part of the New York and Erie and Pennsylvania Central.

The CHAIRMAN. You are a resident of Pennsylvania, are you not?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. Why is not your remedy with Pennsylvania? What has Congress to do with this? There you are, a resident of Pennsylvania; the railroads of Pennsylvania do you this wrong; your property is there in Pennsylvania; what has Congress to do with this thing?

Mr. PERRIN. The claim is that there are so many of these railroads running through different States, say the Lake Shore, for instance, and a large amount of this oil passing between the States, say into and through Ohio, New York, and Pennsylvania, that the matter is one that must be governed by some provision regulating inter-State commerce.

The CHAIRMAN. Is that true of the Pennsylvania Railroad?

Mr. PERRIN. Of the oil which it transports, the Pennsylvania Railroad takes but a small proportion to Philadelphia. The main objective point is New York City.

The CHAIRMAN. But they have a line from Philadelphia to New York?

Mr. PERRIN. They have a line to New York.

The CHAIRMAN. And that being a leased line, they can be attached as to that in the courts of Pennsylvania and compelled to do this work over that as well as over all their lines wherever they have one. I do not think that that presents any grievance which addresses itself to us so far as you are concerned. You may have a great grievance and I would be glad to have it explained fully, but it seems to me your remedy is at home.

Mr. PERRIN. We are trying to get it there.

The CHAIRMAN. Can you not get it in the courts?

Mr. PERRIN. We might perhaps get it if we should live to be twenty or twenty-five years older.

The CHAIRMAN. Now suppose that everybody who has a grievance, every man who cannot get the cars that he thinks he ought to have, for instance, was to come down to Washington and invoke the intervention of the general government, do you not think that Congress would have its hands pretty full?

Mr. PERRIN. I do not think that you can take up every matter of a purely local nature and specially adjudicate upon it, but where an article of prime necessity and general consumption is produced in different States, as this one is, both in Pennsylvania and New York, and is carried from the one to the other or through those States for shipment, the question would seem to be an exceptional one.

The CHAIRMAN. So far then as the Erie Railroad is concerned, does it not run for its entire length within the State of New York, and is it not amenable to the courts of New York?

Mr. PERRIN. Yes, sir; I assume that it is.

The CHAIRMAN. I do not think then there is any trouble in bringing a suit there to right your wrong. If you are wronged in any way, you can be righted there.

Mr. PERRIN. There was a suit brought there, you remember, by Mr. Ohlin, where the railroad company had refused to permit the use of their cars.

The CHAIRMAN. I can understand that a man may persist in going on and doing wrong notwithstanding legal efforts to restrain him, but in the end the courts will right the wrong by giving damages in a corresponding amount. But aside from that, the claim is made here that where a railroad runs through certain States we shall do certain things; and the bill that was framed on that subject has passed the House.

Mr. PERRIN. And that bill is all that anybody in our section of the country expects to get at the hands of Congress, that is, if it be made effectual.

Mr. RICE. That remedy would not touch you, however.

Mr. THOMPSON. Not on the particular grievance here complained of, but this is only one of other grievances.

Mr. PERRIN. That bill has reference to the way in which people shall be treated in their petitions to the railroad companies in asking for cars, viz, that there shall be no favoritism, and also that rates shall be equal.

The CHAIRMAN. Do you contend now that you do not have your fair share of cars given to you?

Mr. PERRIN. We certainly do. I might say that outside shippers do not get any cars at times.

The CHAIRMAN. Do you say they refuse to give you any cars?

Mr. PERRIN. They did. But since the supreme court of the State of Pennsylvania has taken jurisdiction of the cases they have been doing better.

The CHAIRMAN. That only confirms my idea that the remedy is at home, and that you can get all that you need there.

Mr. PERRIN [continuing]. But while we have been getting cars we have been paying the full rate of freight, $1.40 I think it is on crude oil now; at the same time, it is well known that a different rate is enjoyed by the monopoly.

The CHAIRMAN. Nevertheless Congress cannot enter into the State of Pennsylvania, for example, nor into the State of New York in order to apply a remedy for that.

Mr. PERRIN. That may be so, but you can make it unlawful to maintain this discrimination in traffic between the States.

The CHAIRMAN. Suppose the arrangement should be made as you suggest, and then that the railroad companies would no longer transport the oil through one State into another, but would take it by the local route all through the same State, then the legislation you suggest would not apply.

Mr. PERRIN. That may be true, but when in Pennsylvania we shall have reached that point the question can be taken up there by our State legislature.

The CHAIRMAN. Why may it not be taken up as well by the legislatures of New York and Pennsylvania without a Federal law?

Mr. PERRIN. I will tell you why. The management of the Pennsylvania Railroad claim that if there was a law of that kind and it was enforced by the State it would ruin the Pennsylvania Railroad, but that if a national law of the kind was in existence, then they could have a State law, and would suffer no material damage from it.

The CHAIRMAN. Does the Pennsylvania Railroad want a national law, then?

Mr. PERRIN. I have been told that they have no objection to such a law; I have no knowledge on the subject.

The CHAIRMAN. I wondered what influence it was that put that bill through the House. I am getting a new idea. If they want it, it is a new development.

Mr. PERRIN. I do not know whether they want it or not. I understood they did not oppose it the other day.

The CHAIRMAN. To come back to the point, your idea is that the particular interest with which you are identified will be very much relieved and benefited by the passage of a law such as that which the House has passed; is that it?

Mr. PERRIN. Yes, sir; it will be relieved and benefited by it if there is no mistake in it; if there is no loop-hole whereby it can be evaded. Let me add here that the fact of our having an overproduction to-day is no indication that we will have any some time hence, say in three months or five months. It is very fluctuating.

The CHAIRMAN. But we are required to deal with the market as we find it. You come here and say that there is an overplus on the market, and you ask, in order to relieve that condition of things, to have certain barriers taken away. I do not see that the particular thing you ask for is going to relieve the excess of business.

Mr. PERRIN. In the latter part of 1876 and in the year 1877 the condition was just the other way. We did not produce enough, and the consumption ran into our stock

very heavily. While there was somewhat more remuneration in the price for crude, yet there was a refiner's margin of from four dollars to seven dollars a barrel.

The CHAIRMAN. Why is not all that remedied by more people going into refining when it is profitable?

Mr. PERRIN. All that were ready to profit by it did profit by it; that is, they were benefited by it where the margin could not be concealed.

The CHAIRMAN. I do not understand what you mean by "concealed."

Mr. PERRIN. I refer to the matter of drawbacks. The railroad company give a drawback to one particular company on all the oil that is produced in the oil regions, whether they ship it or not.

The CHAIRMAN. They give a drawback to one company on all the oil that goes out of the regions?

Mr. PERRIN. Yes, sir.

Mr. THOMPSON. In other words, if the witness's oil is shipped, this monopoly gets a certain amount per barrel on every barrel that he ships.

The CHAIRMAN. Is that capable of proof?

Mr. PERRIN. We have always supposed that it was readily susceptible of proof; that is, if we can get the witnesses on the stand.

The CHAIRMAN. There is nothing to prevent your getting the witnesses on the stand, is there?

Mr. PERRIN. We tried to do that in the State of Pennsylvania just as hard as any men could try to do anything, and we have not got them there yet.

The CHAIRMAN. But you have the legal right to put them there, and having done so, and the fact being demonstrated that a railroad company, which is a common carrier, gives a rebate to a monopoly on every barrel of oil, whether shipped by them or not, it strikes me there is not a court in existence which would sustain such a thing as that.

Mr. RICE. Here is a case analogous to that of a rich man holding out in a lawsuit against a poor man, having advantages in doing so from the fact that he can hire better attorneys, spend more money, and can get delay and all that; but I do not know of any mode of jurisprudence that can remedy such difficulties. They are misfortunes. They are not right, but they exist and cannot be avoided.

The CHAIRMAN. Do you propose to produce any evidence here of the existence of a state of things such as you describe?

Mr. PERRIN. No, sir.

The CHAIRMAN. You only say that you believe that to be the fact?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. I do not see where we can find any cause for intervention in that particular; it does not concern anything affecting the United States courts; there is no question of the kind pending in the United States courts, as I understand, although I suppose it might be introduced there.

Mr. RICE. I see no reason why it might not be got into the United States courts; but there would be, perhaps, the same long delay there that there is in the other courts.

The CHAIRMAN [after an inspection of certain papers handed to him by the witness at the suggestion of Mr. Thompson]. The papers here produced, I find, are extracts from a contract made with the South Improvement Company, which contract has ceased to exist.

Mr. PERRIN. The contract was made between the South Improvement Company and the railroads, and was in force for a time, but is not now in existence, having been substituted.

The CHAIRMAN. Therefore I do not think that it is worth while to put these papers in evidence, as it is a thing that is past and gone.

Mr. PERRIN. The trouble is that when you find out what this monopoly is doing, then they abandon that particular thing and adopt some other method of accomplishing the same object. When the time comes for holding them to some degree of accountability, the particular thing complained of has been done and only the evil consequences of it remain.

The CHAIRMAN. I can only repeat that to secure redress at our hands you will have to come to us with a tangible grievance and a remedy which may be applied. If you present to us a tangible grievance and a feasible remedy, then, of course, we can apply that remedy for your relief.

Mr. PERRIN. In reply to that I would say that what the people of our section ask for is not unreasonable, and if that was granted they would be entirely satisfied. You seem to direct them to the State courts, to their home institutions. All that they ask is that transportation companies shall treat all men alike.

The CHAIRMAN. Are not your judges in Pennsylvania elected by vote of the people?

Mr. PERRIN. Yes, sir.

The CHAIRMAN. Is there any more powerful influence to be brought to bear on the court than public opinion under that system?

Mr. PERRIN. Perhaps not.

The CHAIRMAN. As I have stated, I have suffered from the same grievance about a colliery I have in Schuylkill County in your State. There the judges are elected by the people; and if I should find that the Reading Railroad Company had unfairly discriminated against me in withholding the use of their cars, I have no doubt that I could get damages against the company.

Mr. PERRIN. In that connection permit me to state this: The people with whom I am associated had an investigation instituted before the secretary of internal affairs in our State, and we have had that investigation printed in a pamphlet of which I have some copies here. It contains reports of interviews between persons who desired to ship and the railroad officials, showing what the railroad officials said to them and the reasons they gave for not furnishing cars, &c. The whole matter is shown more fully and clearly than I could give it in any statement that I might be able to make. These men were at the time directly interested in refining. They had vessels chartered, were paying demurrage, and were pleading for facilities in order to get oil to the seaboard to fulfill their contracts. I have not been placed just in that situation myself, and hence could not state it in as close details as it is in this pamphlet.

[The pamphlet referred to was here handed to the chairman.]

The CHAIRMAN. Still you think that that condition of things exists?

Mr. PERRIN. Certainly I do; I have no doubt of it. We have had that trouble for four or five years. I was engaged at one time in shipping, but it was in shipping and refining, and I was forced out.

The CHAIRMAN. Is not all business subject to the contingency of being "forced out," as you call it, whenever a man of superior capital or superior facilities, no matter how he gets them, comes into business and competes with another?

Mr. PERRIN. I would not admit it in our own case, without he had some advantage in transportation. Ordinarily speaking, of course, if he has superior ability, and can produce a thing cheaper than can anybody else on equal rates, with equal facilities, and without undue advantages can undersell his competitor and make money, the result will be such as you have intimated. But that is not the case with us. The trouble with us results from this aggregation of capital, supported and sustained by four railroads to the seaboard, to the exclusion of everybody else in that locality. I do not think that our locality is the only place that is suffering in that way; I do not mean so to be understood; I know that it is not. I know that the cattle trade or the shipping of cattle is manipulated in the same way. I know that the coal trade is manipulated in the same way, and that the iron trade and the grain trade are likewise manipulated. My position is that the country is fast drifting to a point where there must be some steps taken to protect the masses of the people against this tendency to monopoly.

The CHAIRMAN. Your idea is that the common carriers of the country, instead of being carriers for all upon equal terms, are now carrying for special parties, upon terms unfavorable to the mass of the community.

Mr. PERRIN. That is the fact. There is no doubt about it.

The CHAIRMAN. And that that is true in many branches of business besides that of oil?

Mr. PERRIN. It is in nearly all. I do not think that ours is the only case of suffering. Now the railroad side of the question is this: They claim that they have to do this in order to keep their roads out of bankruptcy; that they must have but a few men to deal with in order to preserve rates. That is their side of it. And let me say here, that in the year 1877 we paid the railroads eighteen or nineteen millions for freight on oil, and that there is no such thing reported in their earnings—not over six or seven millions.

The CHAIRMAN. Where do the other eleven millions go?

Mr. PERRIN. If I should tell you that I knew, you would ask me, as you did awhile ago, for the proof, and I would be obliged to tell you that I could not prove it. But we are satisfied as to that. We have worked at that for four or five years and can give an idea where it has gone, although we cannot take hold of the material which it would be necessary for us to have to prove our assertion. It has largely gone to the Standard Oil Company. I am informed by a gentleman who was once a partner in that concern that during a part of 1876 and a part of 1877 (this period I referred to a short time ago), in twenty-one months their revenues were $19,000,000.

The CHAIRMAN. I do not think it is material to this committee to know what anybody's profits on his business are, provided he gets them legitimately; and whether they have nineteen millions or one hundred and ninety millions of profits is the same to us as if a man had found a silver mine on his property.

Mr. PERRIN. Certainly, that is so, if he becomes possessed of his money honestly. But you asked a moment ago what became of the rebate fund.

The CHAIRMAN. Yes; because I wanted to find out if the railroads did not get it to give it to somebody else—whether that was a legal or an illegal system.

Mr. PERRIN. It is a rebate system.

The CHAIRMAN. I understand you that your remedy would be to pass legislation which would prohibit any rebates to anybody under any circumstances.

Mr. PERRIN. It would be—that is, for over a car-load.

The CHAIRMAN. You think a car-load should be the unit?

Mr. PERRIN. I do. For the additional labor, they should be allowed to charge for broken lots.

The CHAIRMAN. Would you make this legislation general, or apply it to oil?

Mr. PERRIN. I would make it general.

The CHAIRMAN. Now, take this case, and see how you would work it out. The price of wheat is telegraphed from Mark Lane to-day to be ten shillings a quarter. The price of wheat on the Chicago market is a dollar a bushel. There comes a steamer into New York to unload and take a return cargo. The owner of the steamer finds he cannot, at current rates of freight, load his steamer and get his money back. He goes up to the railroad company, and says, "If you make a rebate to me of a penny or two cents a bushel from Chicago to New York, I can take a cargo of grain." The law says you shall not make a rebate. The consequence is that the man does not take his grain; the Western producer does not sell his grain abroad; down goes the price of grain in this country, and the producer of grain is damaged. How are you going to meet that case? That is a case that occurs every day in the week in the city of New York.

Mr. PERRIN. I think that if you forbid rebates and a hardship is done in that case to an individual in the West who produces wheat, it would certainly be more than overbalanced by the hardship that is inflicted in the absence of any such prohibition upon men all over the country every day and hour that we live.

The CHAIRMAN. Yes, the hardship is this: that it absolutely stops the export of grain for the whole country, as it cannot go on under any system you can devise if the rebate is not allowed under such circumstances. Remember that we are not the only people who are furnishing grain, and that we are in competition with other grain-growing countries, notably India and Russia. This matter of the price of grain we know every day and every hour, and the freight must be rated just according to the price in Chicago and Mark Lane in London.

Mr. PERRIN. I confess that that is a problem that I was not familiar with. But this other policy is one which makes it an absolute peril and ruin to any person to engage in any kind of business on railroads in this country without he has the aid of some of these private arrangements in some of these localities. Take the case of our own petroleum. There you find an aggregation of capital fortified by the rebate system, and which stands against all other capital of any amount. You will find individuals with from twenty-five thousand to half a million of dollars who cannot do their own business, but who are compelled to lay it down and let it be taken up by this other concern. That condition of things obtains, I understand, to a certain extent in all branches of trade throughout the country.

The CHAIRMAN. If it does, it is illegal by law now; then what additional law do you want? There is not a State in the Union in which that is not illegal. I am entitled in any State of this Union, as I understand the law, to as good a rate as my neighbor upon business of the same kind; and if I am denied that, a suit for damages will make up the difference. I confess I have never been able to find a case of that kind. I want to find some railroad company that will not give me as good rates for my business as they will give to somebody else. The grievance in this matter of coal of which I spoke is of a different kind; it is not one of rate but of cars. They say they have not got the cars, and I have not been able to see my way clear through that. But I say now, that if I was an oil producer and was satisfied they were giving a rebate to another man alongside of me for service by the car-load, I would find my remedy in the courts; and I do not believe there is a State in the Union where a man would not get it.

Mr. PERRIN. As I told you before, the best men in our country have been making that effort for a long time.

The CHAIRMAN. I agree with you fully if the thing exists, but the remedy is in the courts. Now take the case of this shipment of grain. I hold that if they make a rebate to one man for that grain they are bound to make it to any other man on the same day. The bill which passed the House provides that no rebate shall be made except upon five days' notice posted up. In the meantime the shipper goes off without his cargo. The principle that should be laid down is a sound one. It is the principle of the common law; there is no statute law which makes it otherwise; and it is enforced in England, as I happen to know, by the railroad commissioners whose business it is to find out and see that that law is enforced at once. My remedy would be to have United States commissioners to see that no discriminations are made. Of course the abuse is fatal to all private enterprise, and, if unchecked, will end in an absolute monopoly and concentration of wealth in a few hands. That is not the policy of this country nor of any other country, but I do not see that you have made any case for

interference on the part of the national government, for I do not believe that you have exhausted your remedies.

Mr. PERRIN. I was going to tell you how we were defeated in our efforts, and then would be glad to hear you say how you would do if you were placed in a like situation. We went to the supreme court with the case when the court were in Pittsburgh in the fall just closed, and we gave our reasons for coming to them. These were that the process of coming up to the supreme court from the lower courts was a long and tedious one, and that we thought the matter one of so much importance and so vital to the interests of our country that they should take jurisdiction at once. They did so. There was an agreement entered into by the attorneys for the Pennsylvania Railroad and our attorneys that a master should be appointed to take testimony and see if the necessity for interference existed. This was a suit brought by the commonwealth. Now, the other day the attorney-general of Pennsylvania gave this decision. He said that we could not call to the witness-stand any railroad official, or any man, agent or owner, in the monopoly, until we ourselves had made out our case.

The CHAIRMAN. And I should say that a sounder decision was never made in the world, and that it would have been most oppressive upon the rights of citizens if any other decision had been made. What right have you to go around and call up men to prove your case before you have gone into court? Suppose that you had a grievance against me, for instance, and that the proof of the fact was to be found in my fireproof safe, therefore you would undertake to go into court and have an order made to permit you to go into my safe for the purpose of securing that proof. Any decision of a court that would enable you to do that would be an outrage, and would be one that would not stand for a moment.

Mr. PERRIN. May not the commonwealth ask a railroad company how they are doing their business?

The CHAIRMAN. The commonwealth ought to have certain officials, such as a board of commissioners, whose business it would be to make such an inquiry; and your error and your grievance is that you have not in the State of Pennsylvania such a board of commissioners who would get this information.

Mr. PERRIN. But in our own case, as I have just stated, it was the commonwealth that wanted this information and the attorney-general would not let the commonwealth get it.

The CHAIRMAN. Excuse me a moment. It is not the commonwealth that asks for it, but you or those who are identified with you. You made use of the name of the commonwealth in what is technically known as "an information," and did so by permission of the attorney-general. You cannot now undertake to say, after having done that, that you are the commonwealth. The commonwealth expresses itself in another way, through acts of the legislature. If the commonwealth has an interest in this matter, it can assert its interest very readily by the passage of the necessary legislation.

Mr. PERRIN. If there is any such power in the commonwealth I would like to see it asserted.

The CHAIRMAN. Then why not go home and agitate the subject and thereby bring about such action as the case demands? The tribunal at whose hands you may find redress is in your own State and not in the halls of Congress.

Mr. PERRIN. But you have not yet convinced me that there would be anything improper or unjust in any action which Congress might see fit to take upon a question of the character of this one in the way of preventing discriminations on the part of railroads where they run through different States.

The CHAIRMAN. I have already said that I believe it is competent for Congress to appoint a board of railway commissioners to supervise the matter and get at the facts; and I suppose that in the report which they will make this committee will recommend some such proposition; but, notwithstanding that I am prepared to do that, I say it is not your grievance that induces me to do it, for you have a remedy in a law in your own State.

Mr. RICE. I am clearly of the opinion that Congress cannot enter upon a settlement of all the little points which arise in a question of the character of this one, such as the fixing of rates, and so on. All that Congress can do, as Mr. Hewitt suggests, is to create some supervisory board which shall say that what the railroads are doing is just and fair or otherwise.

The CHAIRMAN. We may point out an abuse, but to the State would still be relegated the duty of applying the remedy to correct that abuse. The remedy against any particular railroad company is a State remedy.

Mr. PERRIN. I appreciate that fact.

Mr. RICE. In Massachusetts our railroad commissioners require the railroads to make returns and put questions to them. If the commissioners do not think they have authority themselves to bring the roads to terms, they communicate the fact in their reports to the legislature, setting forth that this or that road is doing thus and so, and needs attention. I can tell you that the railroads do not long continue to persist in their course after that. The legislature gives them attention.

Mr. PERRIN. I am aware of that fact, and have read Mr. Adams's book, a work for which I have a very high appreciation. But in other sections of the country the situation is different. Elsewhere we find a system under which, as the result of purchase, lease, or otherwise, a number of our railroads are joined together in one system which runs from the Mississippi River clear through to the seaboard. In such a condition of things our State alone can do nothing toward controlling or managing the infractions of law by those roads.

The CHAIRMAN. Now, let me call your attention to this: My firm are glue-makers, and have been such for sixty years. Within my knowledge, they have swallowed up twenty-six glue factories. We did not try to swallow them up; they perished alongside of us; they were practically a nuisance and we got rid of them. We never tried to kill them off, but we made better goods, and sold them at prices lower than any at which they could afford to sell goods of the same description.

Mr. PERRIN. I recognize that that is all proper and right, but the same thing is not true of the trade about which I have been speaking. The tendency there is, as in other directions where all the power is in the hands of one man or a few men, to use the power to the injury of the many.

The CHAIRMAN. With your Standard Oil Company, the fact is, I understand you, that it is not by superior talent or superior capital that they are powerful, but it is because they have secured a monopoly by the violation of what is known as the common law, inasmuch as they hold a monopoly of all transportation facilities.

Mr. PERRIN. That is true. And their way of doing business is the most expensive of any of the ways in which business can be done. Refined oil can be produced more cheaply than they produce it, for this reason. If you had a refinery in Pittsburgh, or elsewhere, which they did not want to have in existence, and you were a man of recognize force and ability, they would dispose of you in this way: After crushing you out by the use of various means best known to and most cruelly practiced by themselves, you would be employed by them perhaps to work, perhaps to remain idle; in either case you would be paid a large salary. The same is true all over the country. They have scores of men of that kind. Thus their product is not prudently prepared for market.

The CHAIRMAN. Have you heard the history of A. T. Stewart in that respect? As his business developed, he absorbed that of others engaged in the same line of business, and hundreds of men alongside of him finally broke, went in under him and became heads of departments under him. Yet Mr. Stewart never had a monopoly of his business.

Mr. PERRIN. I do not recognize the parallel.

Mr. RICE. We are all gainers by the business which these railroad men have made and by the power and system which they have brought to the business.

The CHAIRMAN. Is it not a matter of fact that the published tariff rate which you pay is lower than it was ten years ago?

Mr. PERRIN. The rates vary sometimes to the extent of a dollar per barrel. The rates have been sometimes low, then again high—that is, in the past; but now, I judge, they are uniformly high as they are known to the public.

Mr. RICE. This really does not touch the complaint which Mr. Perrin makes against the Standard Oil Company, which really does seem to be one of some importance.

The CHAIRMAN. His complaint is that they have really an illegitimate support by the railroads. If his statement is correct—and he certainly makes out a case—then the case as made out is one for the State courts.

Mr. PERRIN. Let me illustrate the matter more plainly. Suppose you want to ship oil from the oil region to Philadelphia, and you go to Mr. Scott and ask him for the rates. He would tell you to go to Cleveland and see Mr. Rockafellar.

The CHAIRMAN. Well, I would simply decline to go to see Mr. Rockafellar.

Mr. PERRIN. I can only say that these things are in evidence. If the man seeks for his remedy in litigation, he will be ruined before he can obtain it, for the monopoly will fight you all the way up to the supreme court, and all the way down again.

Mr. RICE. That is going on everywhere in litigation on a small scale. It cannot be helped.

The CHAIRMAN. It is either legal or illegal. If legal, there is no remedy for it, and if illegal, the remedy remains to be applied.

Mr. PERRIN. I am clearly of the opinion that it is illegal.

The CHAIRMAN. Then you have got your remedy. But you do bring to our notice another matter which is of very great consequence to us as a public matter, charged as we are with the duty of considering the interests of the country; and that is the fact that a monopoly may be or has been created by such means as are contrary to the public interets, and that this ought to be prevented and can be prevented by legislation. That is a question that we will have to consider, and, to that extent, your testimony is very important to us. The general proposition is that we should so frame legislation as not to create, but to destroy, monopoly; that is to say, to destroy the power of one individual, in the eye of the law, to have more protection or privileges than any other

ndividual. That proposition is one that we can be perfectly clear about. The question presents itself either as a legal or a moral one, involving the right to go in and take advantage of contracts under the law to create a monopoly. If you have now any additional facts that you would like to submit, we will attach them to your evidence.

Mr. PERRIN. An additional consideration that has occurred to me is this, whether our thoughtful public men, engrossed as they are in the all-absorbing topics of current legislation, were sufficiently well aware of the necessity for and importance of the protection of the people against monopoly all over this country. I entertain a well-grounded apprehension on that point, and my reason for it is, that as a class our public men have never done anything nor sought to bring forth anything in the way of remedial measures. My conclusion invariably has been that they could have no adequate knowledge of the wrongs which have been and are daily inflicted upon the people of the country from this cause.

The CHAIRMAN. I have maintained that public opinion requires that monopolies in the form of special privileges to individuals should be discouraged, and every individual given an equal chance before the law. I feel sure that that opinion will be advanced by this committee in their report. The things of which you specially complain are not, however, such as pertain to our own sphere of action. They are reserved for correction to the several States, and if I were a member of a State legislature, and such a condition of things existed in the State, I would devote myself as far as I could to their rectification.

Mr. RICE. Mr. Hewitt and myself both express ourselves in favor of a certain supervision of the railroads by the national government; that is, so far as the Constitution permits it. But what you need is to have such a supervision by your own State government at home. It is not within our province to afford you that help. We have not the power to do it.

[NOTE.—Certain statistics produced by Mr. Perrin showing the volume of the oil business were ordered to be here appended. They show the amount of the business on the ground (the crude production), amount of the oil exported, average prices of crude and refined through the year, &c., as follows:]

PRODUCTION.

Daily average production each month for the following years.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
1870	11,287	11,714	11,299	12,294	13,211	13,731	13,735	16,776	18,462	18,171	16,953	15,178
1871	13,497	13,306	12,914	12,866	13,187	13,678	14,725	14,922	15,398	15,653	15,487	15,418
1872	18,825	15,965	14,890	15,403	17,326	16,371	16,702	17,739	16,681	4,272	21,287	20,825
1873	20,407	21,725	21,461	21,384	25,044	26,449	27,983	30,198	31,809	30,403	33,049	34,980
1874	37,653	29,839	28,498	25,958	28,895	30,725	33,337	30,049	28,021	29,669	28,702	27,082
1875	25,155	25,185	23,916	23,376	24,503	25,125	26,061	25,282	24,112	24,901	24,069	23,003
1876	23,418	23,478	23,105	23,625	24,293	24,992	26,404	27,995	28,509	27,582	28,061	26,699
1877	28,910	29,181	30,886	32,400	35,453	37,665	38,875	40,894	39,722	39,548	38,747	40,309
1878	34,863	40,200	41,737	42,099	39,766	40,466	44,982	43,800	45,031	46,874	44,825	.....

STOCK.

Total stock of crude in the oil-producing fields of Pennsylvania at the close of each month in the following years.

Year.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
1870	340,154	342,390	351,474	328,609	329,908	351,168	321,840	356,908	419,477	473,896	576,014	554,626
1871	537,751	587,021	642,000	771,000	605,000	554,000	511,220	550,146	541,300	495,102	502,960	532,000
1872	532,971	579,793	662,497	877,832	950,803	1,010,302	980,229	997,166	951,410	914,423	886,909	1,084,423
1873	1,183,728	1,265,373	1,244,657	1,178,648	1,192,541	1,324,493	1,433,620	1,513,890	1,521,185	1,452,777	1,493,875	1,625,157
1874	1,948,919	2,283,032	2,648,210	2,623,534	2,594,286	2,701,625	2,279,479	2,932,444	2,758,504	3,134,902	3,449,845	3,705,639
1875	4,104,703	4,496,751	4,601,187	4,637,827	4,549,700	4,502,896	4,446,426	4,205,856	3,813,494	3,759,403	3,794,947	3,672,077
1876	3,603,203	3,681,793	3,753,513	3,900,703	3,989,904	3,791,642	3,500,612	3,182,160	3,011,004	3,180,983	3,142,397	2,816,870
1877	2,983,231	3,335,770	3,394,011	3,423,675	3,304,302	3,046,389	3,162,574	2,914,499	2,549,460	2,545,423	2,474,490	3,086,972
1878	3,342,090	3,661,650	4,218,518	4,640,857	4,908,450	4,983,145	5,064,158	4,184,895	4,653,525	4,296,769	.....	.....

(This statement does not include stocks at the wells.)

Statement showing the exports from the United States of mineral oils during the fiscal years ended June 30, 1862, to 1878, inclusive.

[From Bureau of Statistics, Washington, D. C.]

Fiscal years ended June 30—	Crude, including all natural oils, without regard to gravity.		Refined or manufactured.							
			Naphthas, benzine, gasoline, &c.		Illuminating.		Lubricating (heavy paraffine, &c.)		Residuum.	
	Gallons.	Dollars.	Gallons.	Dollars.	Gallons.	Dollars.	Gallons.	Dollars.	Barrels.	Dollars.
1862	5,828,129	*1,539,027								
1863		*27,839								
1864	11,125,423	4,540,631	438,197	154,091	11,646,749	6,087,967				
1865	13,330,328	7,703,969	480,947	173,942	11,685,574	8,685,501				
1866	16,803,787	6,472,876	673,477	188,825	33,509,877	18,169,186				
1867	7,905,344	2,106,284	224,576	34,175	62,125,561	22,267,183				
1868	10,717,233	1,790,660	1,517,268	267,873	67,222,387	19,752,143				
1869	13,425,566	2,994,404	2,673,094	445,770	84,403,492	27,631,042		*51,122		
1870	10,403,314	2,237,292	5,422,604	564,864	97,902,505	29,864,193		*2,611		
1871	9,859,038	1,971,847	7,209,592	746,797	132,608,955	34,138,736		*22,660		14,770
1872	13,559,768	2,307,111	8,092,635	932,160	122,539,575	30,566,108	541,419	211,287	10,433	41,724
1873	18,439,407	3,010,050	9,743,593	1,487,439	158,102,414	37,195,735	748,699	277,966	18,597	79,506
1874	17,776,419	2,099,696	9,737,457	1,038,622	217,220,504	37,560,955	1,244,305	404,243	43,519	142,299
1875	14,718,114	1,406,018	11,758,940	1,141,440	191,551,933	27,030,361	1,173,473	313,646	65,544	187,103
1876	20,520,397	2,220,268	14,780,236	1,442,811	204,814,673	28,755,638	963,442	303,863	61,462	193,206
1877	26,819,202	3,756,729	15,140,183	1,816,682	262,441,844	55,401,132	1,601,065	497,540	76,110	317,355
1878										

* The statement was not fully reported in the collector's returns, not being among enumerated.

Quantities and values of petroleum and its products exported, and average price per gallon of refined petroleum.

[From Bureau of Statistics, Washington, D. C.]

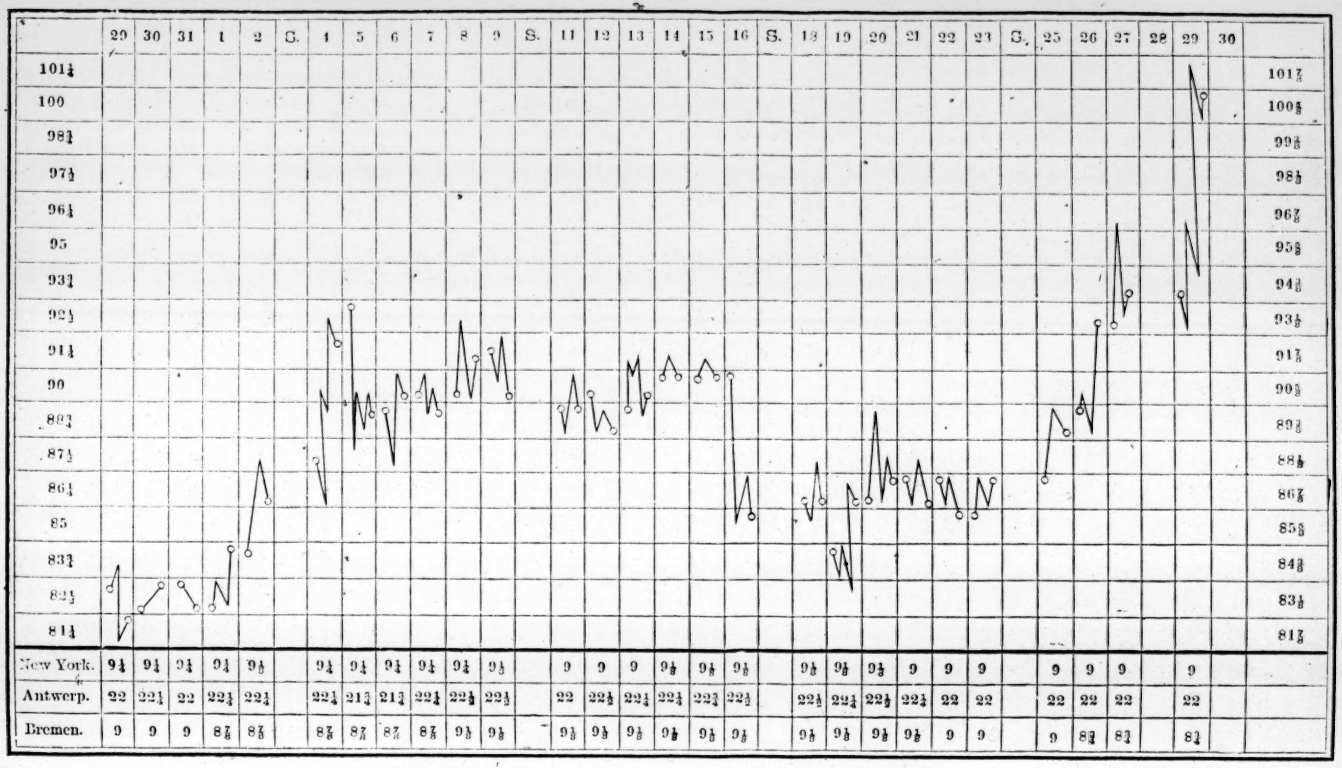
Fiscal years ending June 30—	Gallons.	Dollars.	Average price of refined petroleum, per gallon.
1862			$ .264
1863			.179
1864	23, 210, 369	10, 782, 689	.525
1865	25, 496, 849	16, 563, 412	.742
1866	50, 987, 141	24, 830, 887	.542
1867	70, 255, 481	24, 407, 642	.359
1868	79, 456, 888	21, 810, 676	.294
1869	100, 502, 152	30, 625, 446	.356
1870	113, 728, 423	32, 101, 485	.305
1871	149, 677, 585	36, 857, 380	.257
1872	145, 251, 047	34, 058, 390	.249
1873	187, 884, 103	42, 050, 756	.235
1874	248, 104, 635	41, 245, 815	.173
1875	222, 377, 660	29, 891, 465	.141
1876	244, 078, 748	32, 915, 786	.144
1877	309, 752, 294	61, 789, 438	.211
1878		40, 574, 974	.144

PRIMARY MARKET.

Monthly range and average price of crude, creek, and river deliveries (F. O. B.), in the following years:

A. D.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Averages.
1859..	.....	.....	.....	.....	.....	.....	.....	.....	2,000 @ 2,000	2,000 @ 2,000	2,000 @ 2,000	2,000 @ 2,000	$20 00
1860..	1,850 @ 2,000	1,800 @ 1,800	1,250 @ 1,275	1,000 @ 1,200	1,000 @ 1,000	900 @ 1,000	825 @ 900	750 @ 750	625 700	500 600	300 450	200 350	9 60
1861..	100 100	100 100	100 100	50 75	50 50	50 50	50 50	25 25	20 20	10 10	10 10	10 10	49
1862..	10 10	10 20	20 25	50 50	70 100	100 100	100 150	100 150	100 150	150 200	200 200	200 250	1 05
1863..	200 250	250 250	250 275	275 300	275 300	300 300	325 325	325 350	350 350	375 375	380 390	390 400	3 15
1864..	400 400	375 500	500 600	600 712	650 725	750 1,150	1,125 1,375	900 1,100	650 1,125	600 950	900 1,100	1,050 1,150	7 62
1865..	650 1,000	700 800	500 700	500 700	650 825	500 625	500 525	400 525	425 925	675 950	650 800	500 800	6 18
1866..	400 500	400 480	300 400	350 440	400 500	350 425	250 350	250 500	400 500	250 425	260 360	165 260	3 78
1867..	165 210	170 200	150 200	190 200	220 250	150 230	175 350	280 350	280 400	310 400	210 300	175 200	2 54
1868..	180 210	200 200	225 285	260 300	360 400	400 500	475 550	400 505	375 425	400 425	300 450	110 460	3 05
1869..	450 700	690 700	550 610	540 600	500 570	435 555	500 575	240 575	510 560	545 565	550 610	425 600	5 48
1870..	415 490	435 470	420 470	410 435	110 470	400 435	335 420	275 355	310 340	310 345	310 335	330 350	3 74
1871..	325 340	396 480	400 400	390 412	410 510	456 515	458 500	457 475	448 482	430 485	391 460	400 400	4 50
1872..	400 405	360 400	360 385	345 360	360 400	380 410	350 410	317 400	300 350	315 315	367 460	300 365	3 84
1873..	200 243	220 225	217 220	220 275	250 275	205 250	110 180	117½ 140	117½ 150	115 145	92½ 137½	92½ 117½	1 84
1874..	117½ 175	107½ 235	175 205	195 210	132½ 205	132½ 205½	112½ 137½	105 117½	102½ 117½	82½ 107½	73½ 82½	80 102½	1 29
1875..	101½ 145	140 195	176½ 190	143½ 178½	130 155	121½ 146½	102½ 128½	108¼ 116½	116½ 180	143½ 172½	147½ 165	160 175	1 48
1876..	175 220	200 237½	207½ 230	182½ 225	182½ 217½	213½ 226	225 260	245 401½	355 400	300 300	300 385	355 340½	2 73
1877..	325 387½	235 325	235 290	240 293	208¾ 245	155⅜ 230	173¾ 270	222½ 270	228¾ 249¾	196¼ 237½	200 244¾	178½ 212½	2 45
1878..	144 181¼	170 205	160 189½	148⅜ 171⅛	143⅜ 165⅜	123 142¼	107⅛ 124⅜	115 123⅜	100 114⅜	100 106¼	108¼ 133½	....	.....

Prices of Crude Petroleum per Barrel at Oil City, October 29 to November 30, 1878.



	29	30	31	1	2	S.	4	5	6	7	8	9	S.	11	12	13	14	15	16	S.	18	19	20	21	22	23	S.	25	26	27	28	29	30	
New York.	9¼	9¼	9¼	9¼	9⅛		9¼	9¼	9¼	9¼	9¼	9⅛		9	9	9	9⅛	9⅛	9⅛		9⅛	9⅛	9⅛	9	9	9		9	9	9		9		
Antwerp.	22	22⅛	22	22⅛	22⅛		22⅛	21¾	21¾	22⅛	22⅛	22⅛		22	22⅛	22⅛	22⅛	22⅛	22⅛		22⅛	22⅛	22⅛	22⅛	22	22		22	22	22		22		
Bremen.	9	9	9	8⅞	8⅞		8⅞	8⅞	8⅞	8⅞	9⅛	9⅛		9⅛	9⅛	9⅛	9⅛	9⅛	9⅛		9⅛	9⅛	9⅛	9⅛	9	9		9	8¾	8¾		8¼		

Petroleum Fluctuations, Oct. 29 to Nov. 30, 1878.

Crude petroleum.	Total production.	Daily average.	Price.
1859	82,000		
1860	500,000	1,361	
1861	2,113,600	5,790	$ .279
1862	3,056,606	8,374	.142
1863	2,611,359	7,154	.365
1864	2,116,182	5,781	.785
1865	2,497,712	6,842	.648
1866	3,597,527	9,856	.378
1867	3,347,306	9,170	.254
1868	3,715,741	10,179	.395
1869	4,210,726	11,536	.512
1870	5,260,559	14,373	.345
1871	5,205,234	14,222	.415
1872	5,983,294	16,346	.375
1873	9,893,786	27,032	.172
1874	10,926,975	26,855	.129
1875	8,963,091	24,489	.148
1876	9,600,684	26,282	.273
1877	13,179,313	36,009	.245
1878	12,898,410		

VIEWS OF MR. MILES F. HUMPHREYS.

WASHINGTON, D. C., *December* 19, 1878.

Mr. HUMPHREYS appeared before the committee in response to its invitation, and stated in reply to the chairman that he resides in Pittsburg; that he is an American by birth; that his trade is that of puddler; that he has not been working at his trade during this present year, but is foreman of the puddling department of the Keystone Rolling Mill; and that he was engaged in the occupation of puddling for 20 or 22 years.

The CHAIRMAN. Have you been connected with any of the trades organizations established among puddlers?

Mr. HUMPHREYS. Yes; I was among the number who founded the "United Sons of Vulcan."

The CHAIRMAN. That is a comparatively recent organization, is it not?

Mr. HUMPHREYS. No. That is now merged into the Amalgamated Association of Puddlers.

The CHAIRMAN. When was that association formed?

Mr. HUMPHREYS. It was first organized in 1858. It existed for a few months only, and was then revived about 1860. During 1859 the organization was dormant.

The CHAIRMAN. Were you an officer of the association?

Mr. HUMPHREYS. I was.

The CHAIRMAN. Is it a national or a local association?

Mr. HUMPHREYS. It was originally local.

The CHAIRMAN. When did it get to be national?

Mr. HUMPHREYS. The national organization was organized, I think, about 1861.

The CHAIRMAN. What was the object of the association?

Mr. HUMPHREYS. The object of the association was to improve the condition of the men generally, and to bring them into closer association with their employers.

The CHAIRMAN. Your object was to have harmonious relations with your employers?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. And to prevent strikes?

Mr. HUMPHREYS. That was the chief end of the organization.

The CHAIRMAN. But you did not contemplate the abolition or avoidance of strikes?

Mr. HUMPHREYS. No; but as far as possible.

The CHAIRMAN. Your object was to avoid strikes, if possible; but, if necessary, to resort to them?

Mr. HUMPHREYS. Certainly.

The CHAIRMAN. After the formation of that association were strikes more frequent, or less frequent, than before? In other words, what effect did it have upon the question of strikes?

Mr. HUMPHREYS. They were not as frequent afterward.

The CHAIRMAN. Were you able to settle, by discussion, difficulties which previously had culminated in strikes?

Mr. HUMPHREYS. Yes. Previously to that in the iron district (Pittsburg and its surroundings) we were troubled considerably with local difficulties—that is, difficulties confined probably to one mill. Those difficulties would have influence upon other mills; and, in addition to that, we would have probably in the same mill a division in

sentiment among the men, with reference to prices, and various other things; and the object of the organization was, in the first place, to create unanimity among the men, and to bring grievances in a general way, as to prices, &c., before the manufacturers.

The CHAIRMAN. That is, you wanted to bring about such a uniformity of work and such a compensation for work as that there would not be these differences of opinion in particular mills?

Mr. HUMPHREYS. Yes; and, in addition to that, we were satisfied among ourselves that there were a large number of men who followed the business, and who, at times, had a tendency to disgrace it. One object of the organization was also to try and make better men of that class of men.

Mr. THOMPSON. Was there a system adopted by which the difficulties between employers and employés might be discussed?

Mr. HUMPHREYS. Yes. I think that the first agreement, which was made in Pittsburg, was about 1862–'63. There was a scale of prices agreed upon by a conference committee (a portion of it representing workingmen and a portion representing the manufacturers). That conference met at the request of the trades association; and the meeting resulted in the adoption of a scale of prices based upon the selling price of iron, so that, as the market-price of iron should advance or decline, wages would advance or decline accordingly. That scale existed until the spring of 1866. The agreement was that either party, on becoming dissatisfied, should give ninety days' notice to terminate the arrangement. Iron advanced very rapidly in the market, and the men became satisfied that, under this agreement, they were not receiving in wages their fair proportion of the selling price of iron.

The CHAIRMAN. Was it the result of your organization, in regard to your relations to the employers, that those relations became more cordial, and that the employers were ready to listen to delegations of workingmen?

Mr. HUMPHREYS. Yes. As I was relating, the first scale of prices required ninety days' notice to terminate the agreement. Along about 1866 the price of iron advanced very rapidly, and the workingmen thought that their wages did not advance correspondingly. Accordingly we gave the ninety days' notice, and terminated that scale; and then we demanded an advance of $2 a ton. We received that advance. The following winter the manufacturers gave notice to reduce the rate of wages $2 a ton. We had several meetings on the subject; but finally we agreed to disagree, and we had a strike. That was the strike of 1867. On the termination of the strike, our organization again sent a communication to the manufacturers requesting a conference. Each party sent a committee. We conferred, and then we agreed upon another scale of prices. That went into effect to be terminated by a notice of thirty days, I believe. That scale operated until 1874 or 1875. I believe it expired on the 6th of December, 1874. The manufacturers gave notice of its termination. Then we had another struggle, which finally resulted in another scale of prices, which is in force at the present time.

The CHAIRMAN. Was this last a strike, or was it a lock-out on the part of the proprietors?

Mr. HUMPHREYS. The proprietors refused to run their mills without a reduction of prices.

The CHAIRMAN. Then it was a lock-out?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. Then the "honors seem to be easy." You terminated the first agreement by notice, and the proprietors terminated the second agreement by notice; then you made a strike and they made a lock-out.

Mr. HUMPHREYS. Yes; and the scale now in existence is a sort of compromise between the two.

The CHAIRMAN. Has there been any other strike in Pittsburg since 1867 than the lock-out which you have named?

Mr. HUMPHREYS. No.

The CHAIRMAN. Prior to that period were strikes very frequent?

Mr. HUMPHREYS. We used to have occasional local strikes in particular mills.

The CHAIRMAN. But general strikes of all the mills were not very frequent?

Mr. HUMPHREYS. No, sir; they were more frequent previous to the establishment of the organization than they were afterwards.

The CHAIRMAN. Then the effect of the organization has been, in your judgment, practically to reduce the necessity for strikes?

Mr. HUMPHREYS. Yes; I think there is no question about that.

The CHAIRMAN. You are now on the employers' side. Are the relations between employers and workmen cordial and good at the present time?

Mr. HUMPHREYS. I think they are.

The CHAIRMAN. Is there any trouble now about the lack of employment in iron-works at Pittsburg?

Mr. HUMPHREYS. There is not employment for all the men.

The CHAIRMAN. How is that difficulty met? Is the work distributed, or are some men steadily out of work?

Mr. HUMPHREYS. The men, as a rule, are very friendly to each other. In the works in which I have been during the present year, there are some men idle; and, occasionally, those men who are at work give these idle men a few days' work, when they become in such a condition that they are thought actually to need the work.

The CHAIRMAN. Is that done be any concentrated action among the men, or is it only an individual matter?

Mr. HUMPHREYS. It is individual.

The CHAIRMAN. You have no arrangement among the workingmen by which the work shall be distributed?

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. And this local association which you speak of does not deal with the question as to how to distribute the work?

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. Are the employers absolutely free to employ whom they choose?

Mr. HUMPHREYS. Yes; so far as my knowledge extends.

The CHAIRMAN. You are the foreman of a puddling-mill. Do you feel constrained by any reason to ask whether a man who wants work is a member of a trades-union or not?

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. As a matter of fact, do you inform yourself on that point?

Mr. HUMPHREYS. No, sir; all that I require to know is whether the man is a competent workman.

The CHAIRMAN. Is there any class spirit in the Pittsburg mills that would drive out non-union men?

Mr. HUMPHREYS. Not to my knowledge.

The CHAIRMAN. Are puddlers in Pittsburg generally in the trades-union?

Mr. HUMPHREYS. The majority of them are.

The CHAIRMAN. Do you think that they nearly all are?

Mr. HUMPHREYS. Yes; nearly all are.

The CHAIRMAN. What do you understand to be the fact in that regard, through the country generally?

Mr. HUMPHREYS. The workingmen are, generally, in trades-unions, throughout the western portion of the country at least; I do not know much about the East.

The CHAIRMAN. Has not the introduction of Bessemer steel interfered very much with puddlers, in the way of reducing the demand for their labor?

Mr. HUMPHREYS. It has, to some extent.

The CHAIRMAN. Is not that the real cause why there is a surplus of puddlers seeking work?

Mr. HUMPHREYS. That may be partly the cause.

The CHAIRMAN. For instance, for rails, all the iron that was not reworked from old rails was formerly puddled?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. But now, nearly all the material used for rails is steel.

Mr. HUMPHREYS. Most of it.

The CHAIRMAN. Was not one-third of all the puddled iron in the United States formerly used for rails?

Mr. HUMPHREYS. Nearly one-third.

The CHAIRMAN. And the change in that respect would account for any distress among puddlers?

Mr. HUMPHREYS. It would account for a good deal of it.

The CHAIRMAN. Is there as much distress among the rollers and heaters as there is among the puddlers? In other words, is there as much surplus of rolling and heating experience seeking work, as there is of puddling?

Mr. HUMPHREYS. I think there is, in proportion to the number.

The CHAIRMAN. How would you account for that; because there is no less rolling and heating wanted under the new demand for steel?

Mr. HUMPHREYS. The only way that I can account for it, is the fact that since the close of the war a very large number of rolling-mills have stopped. A good many of them have been torn down. I know several mills myself, which, since the panic, have been sold and torn down, the castings sold, and the machinery broken up and sold for old castings.

The CHAIRMAN. In other words, machinery can be got rid of, but men cannot be.

Mr. HUMPHREYS. This is so.

The CHAIRMAN. The men survive.

Mr. HUMPHREYS. The men still live.

The CHAIRMAN. Do you think that the trouble in regard to the demand for labor of puddlers is increasing or diminishing?

Mr. HUMPHREYS. I think that there is a slight improvement this fall.

The CHAIRMAN. In other words, you think that there is not such a pressure for work as there has been?

Mr. HUMPHREYS. No, sir. Still there is considerable pressure for work; but not to the extent that it was some months ago.

The CHAIRMAN. Is there positive suffering in Pittsburg, among those engaged in the iron business, for want of the necessaries of life?

Mr. HUMPHREYS. I cannot say that I know of any particular person or persons starving to death.

The CHAIRMAN. Are they resorting in unusual numbers to municipal relief?

Mr. HUMPHREYS. Not very many of them.

The CHAIRMAN. Do you know anything about the pawn-broking business in Pittsburg—whether that has sensibly increased; in other words, whether these people have been compelled to pawn their property in order to get the means of life?

Mr. HUMPHREYS. No, sir; I do not. I have not heard of men complaining that they had to pawn their property from sheer necessity.

The CHAIRMAN. Compare the condition of workingmen in Pittsburg, at this time, with their condition when you first went into the business. Do you think that the condition of the iron-workers is better or worse with reference to the means of living, to general comfort, to the style of living, to intelligence, and to the education of families. Is the standard higher or lower than it was when you first knew the business?

Mr. HUMPHREYS. I think it is higher.

The CHAIRMAN. Is there as much intemperance among the puddlers as there was formerly?

Mr. HUMPHREYS. I think not.

The CHAIRMAN. Do you know whether, during the period of high prices that prevailed prior to 1873, the puddlers cultivated habits of saving, and did save any surplus out of their wages?

Mr. HUMPHREYS. Very many of them did.

The CHAIRMAN. In other words, do you think that there is a more provident tone prevailing among the puddlers than formerly?

Mr. HUMPHREYS. Yes; more than there was previous to 1862-'63.

The CHAIRMAN. Do you attribute any of that improvement to the existence of trades-unions?

Mr. HUMPHREYS. I certainly do.

The CHAIRMAN. Do you attribute it mainly to that cause?

Mr. HUMPHREYS. Mostly to that cause.

The CHAIRMAN. Have you not observed that in industrial occupations generally, the workingmen are, on the average, better off than they were twenty years ago—living in better houses and having more of the general comforts of life?

Mr. HUMPHREYS. They are where labor is obtainable.

The CHAIRMAN. Their standard is higher. They want to have better things than they had formerly. They are dissatisfied if they do not have them?

Mr. HUMPHREYS. Certainly.

The CHAIRMAN. In the course of your experience in the iron trade you have seen periods of depression in business before?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. Is that which we are now passing through any worse than previous ones? Is the suffering greater?

Mr. HUMPHREYS. Comparatively speaking, I do not know that it is. There are a great many more people in the iron business, and to some extent it is worse.

The CHAIRMAN. But, to the extent that people are relatively employed, you think that the present period of depression is no worse than previous periods?

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. Do you recollect the period of depression from 1857 to 1861?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. There was apparently just as little demand then for iron or for labor as there is now.

Mr. HUMPHREYS. Very nearly so.

The CHAIRMAN. It was very much the same state of things.

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. Did the city of Pittsburg at that time have to afford employment in any way to the unemployed people?

Mr. HUMPHREYS. I do not recollect. I was quite young then and did not let the world bother me.

The CHAIRMAN. You evidently think that youth is the best possession.

Mr. HUMPHREYS. Yes; still, I was working part of the time.

The CHAIRMAN. Can you state whether there are any other trades-union organizations in Pittsburg, or the West, besides this iron association?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. A large number of them?

Mr. HUMPHREYS. Yes, quite a number.

The CHAIRMAN. Have they also resulted in the same way, as to reducing strikes and bringing about a harmonious relation between employer and employed?

Mr. HUMPHREYS. That is their tendency. I am not so familiar with their operations.

The CHAIRMAN. Is there not a strike going on now in Pittsburg?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. In what business?

Mr. HUMPHREYS. In the flint-glass works, where they manufacture table ware.

The CHAIRMAN. Do you know anything about the points of difficulty in that strike?

Mr. HUMPHREYS. I am not familiar with them. It is something in regard to the amount of work per day.

The CHAIRMAN. Had the riot at Pittsburg last year any connection at all with trades-unionism?

Mr. HUMPHREYS. Not to my knowledge. The papers stated that there was an association among the train hands, but I have no personal knowledge of it.

The CHAIRMAN. With whom did the strike originate, so far as you know; was it with the engineers and brakemen, or the train hands?

Mr. HUMPHREYS. I think it was the train hands.

The CHAIRMAN. Have they a trades-union organization?

Mr. HUMPHREYS. They had at that time.

The CHAIRMAN. Have they now?

Mr. HUMPHREYS. I do not know; and I do not know that they had then, except from what I read in the newspapers.

The CHAIRMAN. Do you think yourself that the trades-unions contributed in any way to the riotous proceedings which followed the strike in Pittsburg; did they take any part in the destruction of property?

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. What, so far as you know, is the feeling of the members of the trades-unions in regard to property—as to its preservation or destruction?

Mr. HUMPHREYS. So far as my knowledge goes, in our section of the country they condemn anything looking to the destruction of property.

The CHAIRMAN. Do they generally understand that capital and property are essential to the carrying on of business?

Mr. HUMPHREYS. Certainly.

The CHAIRMAN. And that when they destroy property they destroy their own livelihood?

Mr. HUMPHREYS. Certainly.

The CHAIRMAN. In other words, there is no feeling among the working classes that property is their enemy *per se?*

Mr. HUMPHREYS. No, sir.

The CHAIRMAN. They do not share in that feeling?

Mr. HUMPHREYS. No, sir. The disposition among the trades-association men in our section is to bring about a state of affairs that will bring employer and employed into closer relations. In other words, they admit that what is the employer's interest is their interest, and they endeavor by these associations to bring the two classes together, and to count the cost and profits of production, and concede what is fair to the manufacturer for his capital invested, and endeavor to obtain a fair rate (from their standpoint) as compensation for their labor.

The CHAIRMAN. When business is unproductive does capital get anything at all?

Mr. HUMPHREYS. I do not see how it can.

The CHAIRMAN. All the proceeds then go to the laborer. In good times capital indemnifies itself, but in bad times the laborer gets all the proceeds?

Mr. HUMPHREYS. They get a fair share, at all events.

The CHAIRMAN. Do you know, as a matter of fact, or from report, whether there is any concern in Pittsburg in the iron business (not including steel) which is supposed to have made any money for the last four or five years?

Mr. HUMPHREYS. My private opinion is that there are very few establishments making anything of any account.

The CHAIRMAN. Some failures have taken place there in that business?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. Showing that they have lost money.

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. And the probability is that none of the concerns have made money?

Mr. HUMPHREYS. Some of them have made money. There are some iron establishments there that work on specialties exclusively, and I suppose that some of these have made money.

The CHAIRMAN. Of course, if a man had a patent in his business he might make money; but I am speaking of the business generally.

Mr. HUMPHREYS. Some of these manufacturing establishments make cotton-ties and a fine grade of hooks. That is a specialty.

The CHAIRMAN. But these cotton-ties are subject to patents?

Mr. HUMPHREYS. Yes; they have a patent on the buckles.

The CHAIRMAN. That is the same thing; and that makes a monopoly. I have been trying very hard to make these cotton ties myself, but I have been met by a patent.

Mr. THOMPSON (to Mr. Humphreys). Do you refer to the Russian iron works up the Kiskiminitas?

Mr. HUMPHREYS. No, sir. I refer to where they are making the fine hoops.

Mr. THOMPSON. Have they a rolling-mill up there, where they use gas instead of coal?

Mr. HUMPHREYS. Yes; and there are other places where they make galvanized sheet-iron, and other places where they make Russian sheet-iron, and other places where they make railroad spikes.

The CHAIRMAN. What proportion of the foremen of iron establishments in Pittsburg have been, within your knowledge, workmen? Have you any foremen who have not come up out of the class of workmen?

Mr. HUMPHREYS. No, sir; I know scarcely any.

The CHAIRMAN. They have been all workmen?

Mr. HUMPHREYS. Yes, sir.

The CHAIRMAN. Do you know whether among the owners there are many who have been workmen?

Mr. HUMPHREYS. Quite a number of them have been workmen; I do not think that the majority have been; but I know a number of them who have been workmen.

The CHAIRMAN. When firms are organized do they not generally try to associate some practical man in the concern? Is there not in all concerns one practical man?

Mr. HUMPHREYS. As a rule, I think that that is correct.

The CHAIRMAN. Do you think that there is any better system for the workman to get his rights and to rise in life (if he has activity, industry, and capacity) than the system which now prevails? Can you imagine any system better calculated to give a deserving and industrious man a chance to rise than the present system?

Mr. HUMPHREYS. I know of nothing, and can think of nothing that is better than the policy proposed by this association, that of bringing the employer and the employed together, calculating the cost of the article produced, and endeavoring to fix the price of labor upon the profit of the article, so as to make prices fair to both parties. Of course it is a man's nature to be somewhat selfish. I have attended many conferences of committees in behalf of the puddlers, and I am free to confess that, in figuring up our scale of prices, we have had quite a siege on one or two occasions. The manufacturer would naturally try to get a scale that would be most advantageous to him, and we would just as naturally try to get one that would be most advantageous to us. I do not think that you can better that state of affairs until the millennium arrives, and I do not know when that will be.

The CHAIRMAN. We have had a great many suggestions as to the government becoming owner of all the mills and railroads of the country, and that everybody should work under the direction of political agents—officers of the government—and that the proceeds should be divided, some say equally and some say according to the talent of parties. What sort of an impression does that kind of a proposition make on your mind?

Mr. HUMPHREYS. I think that if all the reports which we hear be true, we have a considerable amount of dishonesty in the country now, and that we would have a great deal more under that system.

The CHAIRMAN. Do you not think that private interest can protect itself better by the conflict of private interests, and by conferences, than by any interference of the government?

Mr. HUMPHREYS. Certainly

The CHAIRMAN. Have you not been in political life yourself?

Mr. HUMPHREYS. Some little.

The CHAIRMAN. State to the committee what public positions you have filled.

Mr. HUMPHREYS. I was in the Pennsylvania house of representatives for three years, and was in the State senate for three years.

The CHAIRMAN. And of course, in that experience, you had occasion to make yourself familiar with the effects of legislation on industry?

Mr. HUMPHREYS. I went out of the workroom into the legislature, and went back again and went to work; and then again I went to the legislature and then back to work.

The CHAIRMAN. I would like to ask you which sort of work you found the best and easiest.

Mr. HUMPHREYS. I think that the six best years of my life have been spent in the Pennsylvania legislature—not very profitably to me.

The CHAIRMAN. Did you not find the labor and responsibility there wearing upon

you, and telling upon you quite as much as your work in private life; or did you find it a period of rest and relaxation?

Mr. HUMPHREYS. There was a little variety in it for me; that was all. The labor, physically, was not so hard, of course.

Mr. RICE. You were speaking, a moment ago, of the difficulties which you met in arranging a scale of prices between the employer and the employed, each trying to make an arrangement the most favorable to his own interest. Would that be helped in any respect by an arbitration such as we spoke of yesterday, such as is in practice in England—a board of arbitration with one member selected by yourselves, another by the employers, and the third by these two? Or, is the spirit of our people so peculiar, in keeping in their own hands their own interests, as to make a difference between the result of such an experiment here and in England?

Mr. HUMPHREYS. My opinion is that the parties themselves can settle their difficulties without arbitration.

Mr. RICE. And that arbitration is not congenial to the feelings of the people here?

Mr. HUMPHREYS. No, sir.

Mr. RICE. Your trades-unions might add that to your system, voluntarily.

Mr. HUMPHREYS. Then it would depend entirely upon circumstances.

The CHAIRMAN. You know that in England arbitration is voluntary on the part of the trades-unions, and it is made binding by law. There they have a provision by which people who enter into arbitration may have it enforced by law.

Mr. HUMPHREYS. My opinion has always been against arbitration of that kind.

The CHAIRMAN. Take that long strike which you had in Pittsburg in 1857; would it not have been better, when you found that you could not agree with your employers, to pick out some man, let the employers pick out another, and let those two call in a third man and decide the difficulty? Would not that have been better for both sides?

Mr. HUMPHREYS. It might have been; I would not like to express a decided opinion upon that point.

The CHAIRMAN. That was a very long, destructive, and disastrous strike on both sides, was it not?

Mr. HUMPHREYS. Yes; and what made it so was this: The first scale of prices that we adopted was about 1862 or 1863. That scale of prices evidently gave the manufacturers an advantage, so far as the question of wages was concerned. They derived a greater benefit from that scale than the workmen did; so that, in the end, the workmen terminated the scale by notice, and demanded an advance of $2 a ton. My impression at that time was, and is now, that in the year previous to that, if the workmen had made a study of what really belonged to them in the shape of wages, they might have received $14 a ton just as well as $9, because the manufacturers at that time could have afforded it. But on the termination of that scale of prices, the workmen gave notice of an advance of $2 a ton, and they obtained it. That, however, did not exist long, because prices began to tumble, and manufacturers asked a reduction of that $2. The impression prevailed, however, among the workmen that they were entitled to the $2 at least for a while. On the close of that strike of 1867, after the manufacturers gave the $9 a ton, and we had started to work, the manufacturers again met us in conference on an invitation extended by our association. We agreed then upon another scale of prices which virtually established a reduction of prices and took effect, I think, in two months. In arranging that scale of prices we had benefited somewhat, I think, by the experience of the past, and we reported that scale (in conjunction, of course, with the committee of the manufacturers), so as to protect us a little more when the price of iron came down. The price of iron in the market began to fall pretty rapidly; and the manufacturers began to realize what we had realized in the matter of the first scale, and gave notice to terminate the scale; and the scale of prices that is now in force is a sort of compromise.

The CHAIRMAN. Can there be anything in the nature of things which would have made arbitration undesirable in that case? Would not arbitrators have aided both sides, and said to one side or the other, "Yes, there is a grievance, and you ought to remedy that grievance." Do you not think that if a strike of nine months could have been avoided in that way it would have been better?

Mr. HUMPHREYS. Perhaps so.

Mr. RICE. Suppose you had had a board of arbitrators selected without reference to any particular occasion, but agreed upon in the trades-union district beforehand, to which all such matters should be referred—a board in which both sides had confidence—would not the strike have been saved by the action of that board, after the two parties had failed to agree among themselves?

Mr. HUMPHREYS. I presume it would, if both parties had agreed upon arbitration.

The CHAIRMAN. Suppose that you came to an understanding with your employers to this effect: "We agree to this scale of prices, and we agree that if there shall afterward be a difference between us, that difference shall be referred to a board of arbitration provided for in advance, without reference to the particular question."

Mr. HUMPHREYS. I would favor a system of arbitration if mutually agreed upon at the time; but I was never in favor of any fixed board of arbitration.

The CHAIRMAN. The point that we want to get at is whether we shall report that the spirit of conciliation shall be carried forward into arbitration, and whether we shall urge the people to adopt that rather than have collisions and strikes; we want to know whether that would not be a good feature for the public?

Mr. HUMPHREYS. Personally, I never was very much in favor of a fixed arbitration.

The CHAIRMAN. It need not be fixed, then. Agree that you will arbitrate, and agree on your arbitrators at the time.

Mr. HUMPHREYS. If the nature of the difficulty was of such a character as to admit of arbitration, I presume that, as a reasonable man, I would be willing at the time to submit to it.

The CHAIRMAN. Suppose you and I have a personal difference in relation to a matter of business, we are called upon to submit to an arbitration now—a fixed arbitration—and that is the court. We are compelled to do it by law. Now, here is a court of the same nature, but outside of the present law. A class of difficulties arises, and the result is a strike, and an enormous loss to both sides. Why should not the same general principle be applied to questions of that sort that now applies to private differences? Why should we not have a special court, or why should not the parties agree on arbitrators at the time?

Mr. HUMPHREYS. Arbitration in that light is resorted to to settle differences of dollars and cents.

The CHAIRMAN. Is not this a difference of dollars and cents?

Mr. HUMPHREYS. There are dollars and cents included in it, as a matter of course; but the compensation for labor is, in my mind, somewhat distinct from a mere dollar and cent transaction.

Mr. THOMPSON. In other words, you look upon this as an effort in that form to make contracts.

Mr. HUMPHREYS. There is a little more humanity involved in the subject-matter.

The CHAIRMAN. Would not arbitrators take this into account? These arbitrators would not be all on the one side.

Mr. HUMPHREYS. I presume they would take it into account. I would have no objection to arbitrate if the arbitrators were to be selected by the different parties at the time the difficulty arose.

Mr. RICE. But you see that that adds greatly to the difficulty of the scheme. Mr. Hewitt and myself, for instance, anticipating long business relations, may say, "We do not know what is going to happen between us. We may have difficulties here that will trouble us to settle. Now we will agree in advance upon three men, just men and true, to pass upon the questions between us. If we have any trouble these three men shall arbitrate and settle it." There is that way of selecting arbitrators. The other way is to wait until the trouble comes, till the blood gets hot, or until we want to get this advantage or that advantage on one side or the other. Then it is difficult to agree upon arbitrators. The most difficult thing that a lawyer has to do is to agree upon a referee, when the blood is hot in a lawsuit.

The CHAIRMAN. In business partnerships there is generally a provision that, when differences arise, the partners will agree upon arbitration, so that they shall not have to go to law about it.

Mr. HUMPHREYS. In business relations, as a matter of course, there is a certain amount of fixed capital involved, or a distinct line of business to be pursued. Now, in running a manufacturing establishment, you may have a set of hands or employés this year that you will not have next year, so that I think a fixed board of arbitration would not be so commendable at all times.

The CHAIRMAN. But your association represents the aggregate of the men, and your dealings are with all the puddlers as a whole, though they may change slightly from year to year. Your strikes have now been generalized instead of localized, and therefore you deal with a thing as a whole and not in detail. It is not the men who are employed in particular mills that you have to consider, but the question of reconciling the manufacturing interest and the laboring interest. And if these two interests, on meeting by their representatives, cannot agree, why should not some disinterested person or persons come in and say what is right, so as to avoid a struggle?

Mr. HUMPHREYS. So far as my experience goes, when they do come together in the right spirit, they agree.

The CHAIRMAN. But suppose that they came together in the wrong spirit?

Mr. HUMPHREYS. Then they will not agree.

Mr. RICE. You stated a while ago that each party would try to get the better of the other, and that the strike arose from their not agreeing.

Mr. HUMPHREYS. That is a sort of trick which is in human nature generally. Every man tries to get the best in a bargain.

The CHAIRMAN. Do you think that if a system could be invented by which the workman, instead of receiving all of his wages in money, were to receive part in money

and part in a share of the profits, and that books were kept open so that a committee of the workmen might examine them and know all about the state of affairs just as owners do—would that tend to promote harmony?

Mr. HUMPHREYS. It would.

Mr. RICE. But there the owners would object.

The CHAIRMAN. I want to say, for one set of owners, that they tried to do that very thing, and that they never succeeded in getting the men to agree to it. The men generally had the idea that as the owners are supposed to be smarter than they are, it is designed to get the better of them.

Mr. HUMPHREYS. I think that our workingmen generally, if they improve within the next few years as they have improved in the last few years, will disabuse their minds of that idea. I think that it would be the inauguration of a system of co-operation which would elevate the workingmen of the country very much.

The CHAIRMAN. Do you think that such a state of things would bring about greater economy in manufacturing—in the saving of waste, and careful details that do not now exist?

Mr. HUMPHREYS. Certainly it would.

The CHAIRMAN. Even in the best conducted iron-works, at present, there is still room for greater economy, is there not?

Mr. HUMPHREYS. Yes, sir; in the majority of them.

Mr. RICE. And the more intelligent and faithful the workingmen are, the better it is for both.

Mr. HUMPHREYS. There is a great deal of money squandered in the works through not practicing economy that might be practiced.

Mr. RICE. You stated that there is no feeling among the laborers of your acquaintance against capital. How is it with regard to the railroads in your vicinity? What is the feeling of the workmen and the people with whom you associate toward the railroads? Has the policy of the railroad companies anything to do with the depression in labor and business through which we have been passing, in the opinion of men whom you represent?

Mr. HUMPHREYS. I only know from expressions which I hear coming from parties who have been, or are, in the employment of railroad companies. They claim that the railroad companies are very oppressive in their regulations.

Mr. RICE. It is not so much in regard to the employés of the railroad companies that I desire the information, but I want to know what is the feeling of the community in regard to the effect of the policy of the railroad companies—in their rates, in their charges, and in the way they do their business.

Mr. HUMPHREYS. During the troubles in Pittsburg, in 1877, there seemed to be a general feeling in our community that the railroad companies did not deal with the men in their employment with that liberality that they should do.

Mr. RICE. How is it in their dealings with the community—in the charges that they make for freights, &c.?

Mr. HUMPHREYS. There is a very loud complaint in the city of Pittsburg that the city is very badly discriminated against.

The CHAIRMAN. Do you know of any place where that complaint does not exist?

Mr. HUMPHREYS. I do not, because I have not resided outside of the city of Pittsburg. I presume, however, that the complaint is pretty general.

The CHAIRMAN. It is, I presume, the most general subject of grievance in the country. Mr. Rice resides in Worcester where there are wire-works, and we have wire-works in Trenton. Worcester and Trenton compete in this wire business for the Western market. One of the grievances that we make in Trenton is that we cannot get from the Pennsylvania Railroad Company as good a rate from Trenton as they get from Worcester, and that Worcester is able to undersell us all the time. I have no doubt that in Worcester they have the same grievance against the railroad company that we have.

Mr. RICE. Worcester is a point very severely and sorely discriminated against; and Mr. Thompson thinks that his section is most discriminated against.

Mr. THOMPSON. Worse than any point on the globe.

The CHAIRMAN (to Mr. Humphreys). As a rule, have the railroads in this country, for the last five years, been making any money?

Mr. HUMPHREYS. I have not examined the reports of the railroad companies very closely of late.

The CHAIRMAN. The reports of the railroad companies do show that, with the exception of two or three lines, they have all failed to pay dividends. The Pennsylvania Railroad Company has had to suspend dividends.

Mr. HUMPHREYS. Have not the earnings as a general thing increased?

The CHAIRMAN. But the expenses have increased correspondingly, and the Pennsylvania Railroad Company has had to pass its dividends. The New York Central has kept up its dividends. The Erie Railroad is in the hands of a receiver; the Baltimore

and Ohio Railroad has had to pass its dividends; and they have had to do so on all the trunk lines except the New York Central.

Mr. THOMPSON. If these trunk lines had got into their treasury the amount which they were nominally entitled to on the single item of oil, they would have had $13,000,000 a year more to distribute than they had. By their system of rebates and drawbacks, although nominally the transportation of oil to the seaboard costs $19,000,000, less than $6,000,000 has got into the treasury of the railroad companies.

The CHAIRMAN stated that the testimony given before the committee by the gentlemen from Pittsburg was most interesting and most valuable, and he thanked these gentlemen for coming before the committee.

VIEWS OF MR. CHARLES C. COFFIN, OF BOSTON.

WASHINGTON, D. C., *January* 16, 1879.

Mr. Charles C. Coffin, of Boston, Mass., appeared before the committee, and, in reply to preliminary questions by the chairman, stated that he was an American citizen; that he had been connected with the press for a good many years; that as a matter of business he had been making a study of the labor question, and was prepared to give the committee some results which he had arrived at. He said that he had no speculations or theories to offer. The committee was asked to legislate in behalf of labor. Labor-leagues, trades-unions, socialistic agitators, and political speakers asserted, first, that labor alone creates wealth, and, second, that capital is antagonistic to labor. Last Sunday he had been in a church in Washington, and the minister, in the course of his sermon, gave utterance to the sentiment, "Labor and Capital stand glaring at each other ready for a spring," Other sentiments were that labor was oppressed; that machinery throws men out of employment; that the rich are growing richer and the poor poorer; and that the condition of labor to-day is worse than in the past. Mr. Coffin proceeded as follows:

In considering these points I propose to go from cause to effect, in order to ascertain how much ground there may be for these assertions. I shall endeavor to show the social condition of society, past and present; the earnings and havings of labor and capital, past and present; what labor and capital together have accomplished; and some of the causes that have produced the present discontent, and will make some suggestions in regard to the future of labor.

These complaints are not new. One hundred and ninety-nine years ago John Basset made a speech in Parliament complaining that the English manufacturer could not compete with the Hindoo weaver, who was content with a small copper coin per day, whereas the English weaver demanded from sixpence to a shilling a day. One hundred and ninety-three years ago the justices of Warwickshire, England, fixed the prices of agricultural labor, making wages from March to September four shillings per week, and from September to March three shillings and sixpence per week, without board. One hundred and seventy-two years ago Gregory King, in a book entitled "Natural and Political Conclusions," states that there were 880,000 families in the kingdom; that half of them were able to eat meat twice a week (including the gentry and aristocracy), and that the other half ate it but a few times during the year. He also stated that the population of the kingdom was 5,500,000, and that the wheat raised was less than 500,000 bushels. This would give but a pint and a half of flour in the year to every man, woman, and child in the United Kingdom; that their living consisted of rye, barley, oats, and pease. Bear in mind that at that time Boston, Albany, New York, Philadelphia, and Charleston were considerable towns.

Since 1830, within half a century, there has been the coming in of a new civilization. I propose to take a glance at the conditions of life and society as they were in my boyhood, in the year 1830, which I can remember distinctly, in contrast with those of the present time, in order to see whether these demands of labor to-day are reasonable or unreasonable.

The stage-coach then made 75 miles a day. To-day you are whirled 40 miles an hour, and across the continent in a week. The mail then went 75 miles a day. Now you talk with your friend in Chicago and hear the tones of his voice through the telephone. The broker in Wall street, the pork-packer in Chicago, the cotton-broker in New Orleans manage their business by hourly reports from every commercial center in the world. In those days the country houses as a rule were unclapboarded, unpainted, unplastered, with a yawning chasm in the chimney for a fire-place, and it was a common remark that in winter people froze one side while they roasted the other.

To-day a majority of country houses are clapboarded, painted, blinded, are neat and comfortable. In the country they have the base-burning stove, and in the city the furnace and steam-heater. The furniture of those days consisted of some common

chairs and a bedstead made by a common carpenter. Carpets there were none. The table garniture consisted of pewter plates and iron spoons, knives, and forks. The kitchen ware consisted of a Dutch oven, a frying-pan, a skillet, and a dinner-pot. To-day there is no end of household furniture. In those days the industries were carried on in the household. There was no industry for females except that of the spinning-wheel and the loom. I had the curiosity to ascertain just what a spinner could do in a day, and I sent up to New Hampshire to a sister of mine who used to be an expert spinner, knowing that she had a spinning-wheel and some rolls, and I had the exact measurement of the distance which she walked in spinning with a large wheel. A day's work of ten hours would enable her to spin 3.8 miles of thread, and she would walk nearly 5 miles in doing it. Now, in one of our manufactories you will see a girl of fifteen minding a machine that spins 2,100 miles of thread in a day—a thread that would reach from Washington to California. In those days the woman who commenced with the spinning-wheel and loom to get her fitting-out when about to get married would have to spend many weary days in making her sheets. To-day she obtains them at seventy-five cents apiece. In those days there was no industry that females could turn their hands to except the spinning-wheel and the loom. They were utterly cut off from doing anything else except working in the field with the men.

The CHAIRMAN. It is alleged that that was a much better condition for women than the existing one; that they were then in the household, in the family, in the relations for which nature designed them, instead of being as now in factories and occupations which sever them from the domestic circle. The proposition is laid down that there is in the present position of women a degradation from the better state of things that existed at that time. What answer have you to make to that?

Mr. COFFIN. That is not my opinion. Those women who labor in factories with whom I have come in contact (those of American birth, certainly) have as much dignity and modesty and refinement as those whom we find at the farm to-day.

The CHAIRMAN. But do they come as readily into the proper functions of woman? Do they marry and settle down and have homes of their own, as women did have a century ago when the farmers were living in the way you describe, and when pretty much every girl was married in the course of time, and had a home of her own?

Mr. COFFIN. The trouble in Massachusetts is that we have vastly more women than men; but that arises from the fact that emigration has taken off the men.

Mr. THOMPSON. That disproportion is counterbalanced by a preponderance of men in some other parts of the country.

Mr. COFFIN. Yes; but they do not happen to come together in marriage.

The CHAIRMAN. Now we are asked to transfer the surplus of labor to the land—to undertake that as a national duty. Would it not be equally a national duty to transfer the unmarried women to the men?

Mr. COFFIN. Quite as much as to do the other. A half century ago my father's house was lighted with a tallow candle or by a pitch-knot on the hearth. To-day you have the softer radiance of the kerosene. In those days, if the fire went out, you had only flint and steel with which to relight it, while to-day every man carries a light in his pocket. In those days a man who loved tobacco, if he was away from a household, could not indulge in the luxury of a pipe unless he had a flint and steel with him. In those days we measured the hours by the shadow of the sun on the floor. Clocks were very rare. Costing from $40 to $60, few could afford them. To-day who does not carry a watch? And as to clocks, you can buy them by the cart-load that cost to manufacture sixty-two cents apiece. Almost the only books in the household, in those days, were the Bible, the almanac, and some text and school books, with a Walker's Dictionary, about 4 by 4 inches square and ½ inch thick. I had the curiosity to ascertain from the printers of the two unabridged dictionaries the number of those dictionaries printed, and while they did not wish to give exact numbers, they gave approximately the number, between 600,000 and 700,000, which would give one to every sixty or seventy inhabitants of this country. In the libraries that contain over 10,000 volumes (college and public libraries) there are 10,650,000 volumes. It is estimated that, including the books in the Sunday-school libraries, there are at least 20,000,000 volumes in the libraries of this country which have been brought in mainly since 1830. In those days we could only obtain clothes by the long process of the manufacture of the cloth at home, the tailoress coming around to make the clothes. Now we can obtain ready-made clothing, neatly fitting, better than the best that could have been obtained in those days, by stepping into any clothing shop.

This change of social condition has been brought about by the improvements in manufacturing. The first power-loom was set up in Waltham, Mass., in 1816, and by 1830 the spinning-wheel had pretty nearly disappeared. In 1830, the female help employed in my father's house received 50 cents a week. The girls went to Lowell, Mass., where they received from $3 to $4 a week, or $2 above board. The wages of agricultural laborers in 1830 were from $8 to $10 a month, with their board. In 1845 I worked on a farm in New Hampshire, receiving $10 a month and board, and on that same farm last

year the hand received $18 a month and board for doing not the same work; he rode the mowing-machine, whereas I swung the scythe.

The CHAIRMAN. In regard to the purchasing power of the $10 and the $18; which would be able to buy the most supplies, the $10 then or the $18 now?

Mr. COFFIN. I will show you that before I get through. Now, did the introduction of machinery throw men out of employment? Let us see what was called for to build manufactories, and who were set to work. First came the inventor, then the capitalist, who employed brick-makers, stone-quarriers, masons, hod-carriers, wood-choppers, lumbermen, blacksmiths, millwrights, carpenters, joiners, miners, puddlers, coal-heavers, machinists, brass-founders, coopers, tool-makers, the whole fraternity of trades, to build the manufactory. Then when the manufactory was erected, the operatives were called from the country. Girls in my father's kitchen who had been receiving 50 cents a week went to the manufactory and there received from $2 to $3 a week. Men were called to be overseers, superintendents, architects, clerks, accountants, machinists, inventors, experimenters, chemists, and dyers. What were they doing before they were thus called forth by capital? They were on farms, they were in coopers' shops, blacksmiths' shops, carpenters' shops; they were behind counters, they were doing ordinary work, but they were competent to do something higher and better, and to receive higher pay. Thus we see first, invention; second, capital setting labor at work; third, labor receiving higher wages and advancing to a higher plane of life; and fourth, skill commanding a premium.

From 1820 to 1830 may be taken as the beginning of manufactures. In 1870 the factory system had developed so that by the census it appears that there were employed in all the manufacturing industries of the country 2,053,993 persons; the capital invested was $2,118,208,000, and the wages paid per annum amounted to $775,587,000. The wages of all farm laborers in this country, by the census of 1870, aggregated $310,286,000—less than half the amount of wages paid to laborers in the other gainful occupations. The increase in manufactured products has been altogether disproportionate to the growth of population. From 1850 to 1870 the population increased 65 per cent., while manufacturing increased 322 per cent. It is proper to say that a part of this increase may have been due to an increase of values, and it is fair to say that manufacturing increased three times faster than population.

The CHAIRMAN. I do not know how to arrive at that. Of course, values fluctuated very much from year to year. Take the iron business, for instance, and it is well known that there has been a reduction year by year, and so with many other branches of business.

Mr. COFFIN. I make the suggestion on the authority of the notes to the last census. I think there has been so much cheapening in the cost of manufacture as to make the rise in product much less than is generally supposed between 1860 and 1870.

The CHAIRMAN. I should be very doubtful about it, because you simply take the year 1870; that year was before very high prices. I should think it was an average year.

Mr. COFFIN. Perhaps I am wrong in my statement.

The CHAIRMAN. I doubt whether it is necessary that you should make any qualification of that kind.

Mr. COFFIN. In 1832 there were 1,200,000 cotton spindles in this country; in 1845 there were 2,500,000; in 1875, 9,500,000; and in 1878 there were 11,000,000. In Great Britain there were, in 1832, 9,000,000; in 1845, 17,500,000; in 1875, 37,500,000. In Europe, outside of Great Britain, there were, in 1832, 2,800,000; in 1845, 7,500,000; and in 1875, 19,500,000. The total for the world in 1879 is about 71,000,000 spindles. The result has been, that while between 1830 and 1875 our population increased between threefold and fourfold, the amount of cotton manufactured and used increased thirteenfold, because each person uses three to four times as much as they used to.

Coincident with this development came railroad construction. In 1830 we had 29 miles of railroad; in 1878 we had 81,000 miles. There was not labor enough in this country to carry on this construction, and we sent abroad for it. And here let me call the attention of the committee to the remarkable correlation between emigration and the development of these industries. We had no statistics of emigration prior to 1820, and it is stated that the emigrants in one year did not then reach 8,000. Between 1820 and 1830 there was a considerable increase of emigration. In 1830 the number of emigrants was 23,322. I have here a table showing the statistics of emigration in connection with the number of miles of railroad in operation.

The table is as follows:

Year.	Emigrants.	Miles of railroads in operation.
1830	23,322	23
1831	22,633	95
1832	60,482	229
1833	58,640	380
1834	65,365	633
1835	45,374	1,098
1836	76,242	1,273
1837	79,340	1,497
1838	38,914	1,913
1839	68,069	2,302
1840	84,066	2,818
1841	80,289	3,535
1842	104,565	4,026
1843	52,496	4,185
1844	78,615	4,377
1845	114,371	4,633
1846	154,416	4,930
1847	234,968	5,598
1848	266,527	5,996
1849	297,024	7,365
1850	369,980	9,021
1851	379,466	10,982
1852	371,603	12,908
1853	368,645	15,360
1854	427,833	16,728
1855	200,887	18,374
1856	200,436	22,016
1857	251,316	24,503
1858	123,126	26,968
1859	121,282	28,789
1860	153,640	30,635
1861	91,920	31,286
1862	91,987	32,120
1863	176,282	33,170
1864	193,416	33,908
1865	249,061	35,085
1866	318,494	36,827
1867	298,358	39,276
1868	297,215	42,255
1869	395,922	47,208
1870	378,796	52,898
1871	367,789	60,568
Total	9,000,000	

It will be seen that we reached the maximum of emigration in 1854, when the number of emigrants was 427,833, and at that time we had in operation 16,728 miles of railroad. Then we began to decrease in emigration, the next two years being only 200,887 and 200,436. Then in 1857 it amounted to 251,316. But the construction of railroads was going on rapidly during those years, running down to 1861, when the number of miles in operation was 31,286. From 1862 emigration began again to increase, until it again reached its maximum in 1869, when it was 395,922, and then we had 47,208 miles of railroad in operation. In 1871 the emigration was 367,789 and the number of miles of railroad in operation 60,568. The total number of emigrants that arrived in this country from 1820 has been a little over 9,000,000.

The CHAIRMAN. Your proposition is that the railroads of this country were principally built by foreign labor, and your reason for that is that American labor could find something better to do?

Mr. COFFIN. Yes; that is the proposition. We wanted this foreign labor. American labor went in the first place into the manufactories, but there again foreign labor has superseded it in those branches requiring the least skill and intelligence.

The CHAIRMAN. Are you aware that the Southern railroads have been chiefly built by slave labor?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. Then your statement will be limited in the main to Northern railroads?

Mr. COFFIN. Yes, sir; but there were comparatively few railroads in the South and no manufacturing industries to call for labor. In order to induce this foreign labor to come here, we advertised our cheap lands, which probably were an attraction, aside from the high wages paid for labor; we advertised our high wages; we advertised our political institutions; we advertised our citizenship; we advertised our freedom. The railroad companies sent agents all over Europe and established emigration agencies. While this great development is going on here, a similar development was going on in Europe. Millions there were called from the farm and the shop to do something higher and better, and to receive higher wages. Everywhere there was an advance of wages, and of course an increase of production. Let us see how three great nations have advanced since 1827. Here is a half century of progress contained in a few figures. I give the foreign trade, the imports and exports, by decades, of Great Britain, France, and the United States. It is an exceedingly instructive table, for it enables us at a glance to see how three great nations, by the use of the forces of nature, through discovery and invention, the employment of machinery to do the work of human hands, have added to the wealth of the world:

Years.	*Total of imports and exports.*
GREAT BRITAIN.	
1827–'37	$4,948,750,000
1837–'47	6,771,555,000
1847–'57	11,065,280,000
1857–'67	20,379,890,000
1867–'77	28,879,205,000
FRANCE.	
1827–'37	2,002,400,000
1837–'47	2,978,400,000
1847–'57	4,601,800,000
FRANCE—Continued.	
1857–'67	$9,261,200,000
1867–'77	13,313,600,000
UNITED STATES.	
1827–'37	2,006,218,000
1837–'47	2,285,428,000
1847–'57	4,255,074,000
1857–'67	7,103,309,000
1867–'77	11,016,805,000

The total trade of Great Britain has within those five decades increased six times, that of France six and a half times, and that of the United States five and a half times. What are the results? It has equalized the world's markets, given low prices to the consumer, taken business out of the hands of the few and given it to the many, distributed wealth, elevated the masses, enlarged the area of civilization, and contributed to the comfort and happiness of the human race.

The CHAIRMAN. Do you not omit to state that pauperism has increased?

Mr. COFFIN. I am not sure about that. Is it a fact?

The CHAIRMAN. You are stating one side of the question, and stating it wonderfully well and in a forcible way, but you have omitted to ascertain the fact that on the other side the allegation is constantly made to the committee that with all this progress one portion of the human race has been placed in a very wretched condition—a hopeless condition almost—that pauperism and want and destitution have increased in England. In this country pauperism was unknown in many of the years which you have described, through which years all have been able to live. Now we have a great mass (variously estimated at from five hundred thousand to two million of persons) absolutely suffering for want of the necessaries of life, and living on charity.

Mr. COFFIN. I can refer you to one illustration. In my native town in New Hampshire, the population never exceeded twenty-four hundred, and in former days the poor supported by the town varied from eighteen to thirty individuals; now the poor are supported by the county, but I think that not more than three or four are credited to the town.

Mr. THOMPSON. Is it a manufacturing town?

Mr. COFFIN. No, sir; it is almost wholly agricultural, but it is in a manufacturing community which pays high enough wages to keep agricultural towns even as prosperous as my own from growing, by attracting away the labor which agriculture cannot employ.

The CHAIRMAN. That fact does not meet the main question. The fact of pauperism being now a strong element in the present constitution of society is admitted. A comparison, however, would be interesting of the present state of society in England, with its condition, for example, in the time of Queen Elizabeth, when the poor laws

were passed, owing to the fact that the sturdy beggars all over England compelled the people to give them relief on the highways, which led to the enactment of the poor laws. I suppose that if you had investigated the relative condition of society in England at that period and at the present period, you would find a less percentage of pauperism now than then. I ask you the question to see whether you have considered that point.

Mr. COFFIN. I have some facts to present bearing upon it.

The CHAIRMAN. You can get the statistics of English pauperism from the Blue-Books, and they show that for the last ten years from 800,000 to 1,000,000 persons have been relieved annually at public expense in England, in a population of, say, about 30,000,000. That is, that about 3⅓ per cent. of the population are in a condition to require relief and public help. That is in a time of prosperity, so that it seems to be a normal condition resulting from the manufacturing system in England that about 3⅓ per cent. of the population is reduced to a condition of pauperism. Now, unless previous to the introduction of the manufacturing system a state of things as bad or worse existed, it would appear that the establishment of the manufacturing system has had something to do with its pauperism, and your case would probably break down, although I suspect it to be a fact, that the paupers now have more of the actual comforts of life than those who were not paupers had then.

Mr. COFFIN. The last English Blue-Book gives the number of persons, exclusive of vagrants, in the several unions and parishes under boards of guardians, on January 1 of each year since 1863—those that receive indoor and outdoor relief. The Blue-Book also shows the amount of relief given. I present the following table:

Years.	Total of persons relieved.	Population.	Amount of relief.
ENGLAND AND WALES.			
1863	1,142,624	20,590,356	£6,527,036
1864	1,009,289	20,834,496	6,423,381
1865	971,433	21,085,139	6,264,966
1866	920,344	21,342,864	6,423,381
1867	958,824	21,608,286	6,264,966
1868	1,034,823	21,882,059	6,439,517
1869	1,039,549	22,164,847	6,959,840
1870	1,079,391	22,457,366	7,498,059
1871	1,081,926	22,760,359	7,673,100
1872	977,664	23,067,835	7,644,307
1873	890,372	23,356,414	7,886,724
1874	829,281	23,648,609	8,007,403
1875	815,587	23,944,459	7,692,169
1876	749,593	24,244,010	7,664,957
1877	728,350	24,547,309	7,488,481
1878	742,703	24,854,397	7,400,966
IRELAND.			
1863	66,228	5,716,975	701,031
1876	85,330	5,350,950	1,018,497
SCOTLAND.			
1863	120,284	3,126,587	736,028
1876	96,404	3,593,929	858,907

We see that in England, in 1863, the per cent. of population receiving aid was 5.55, whereas in 1876 it was 3.06; in Ireland, in 1863, it was 1.15, while in 1876 it was 1.59; in Scotland, 1863, it was 3.84; in 1876 it was reduced to 2.68.

I do not know the number of spindles in operation in Great Britain in 1863, but as there were 17,500,000 in 1845, while at the present time the number is about 40,000,000, I suppose 25,000,000 may be an approximate number. The period since 1863 has been the most active in the history of Great Britain. There has been a far greater development of machinery than at any other period of her history, and yet pauperism has declined from 5.55 per cent. to 3.06. Undoubtedly there is at the present time great distress in England, but it has come on within the last eighteen months. Can we say in the face of these official returns that the use of machinery increases pauperism? The reverse seems to be the case in England and Scotland. I think that if we were to make diligent search we should find the causes of the present distress in England in other

directions. Some of the causes that have produced depression here are operative there, and some are not, while some that are operative there have not been known here. England has had no war, no inflation of currency. During our troubles she swept away our commerce and became almost wholly the world's carrier, manufacturer, and banker. She profited by our misfortunes and by the disturbances on the continent between Germany, Austria, and Italy in 1866, and between France and Germany in 1870–'71. Her accumulations have been so vast that she has been able to put off the evil day till now. Having but a small area, she has not been called upon to construct railroads, as we have been doing. In 1862 the mileage was 11,555, costing £385,218,000; in 1877 there were 16,872 miles in the United Kingdom, with a capital of £658,214,000, or, at $5 the pound, $3,290,000,000, against our 81,000, with a larger capital. Her roads were not constructed in solitudes, and although they may not all have made immediate returns to those who built them, they were of immediate value in the development of trade.

Among the causes of the present distress in England, incident to that country and not to this, is the gradual decrease of acreage devoted to the production of food. Here the acreage is constantly on the increase, and there is a steady and rapid advancement in the productions of the farm and pasture; there we find the reverse. I give the following table from the Blue-Book:

Acreage in cereals.

	Acres.
1867	11,432,503
1876	11,064,940

Grass, flax, hops, and clover.

	Acres.
1867	5,679,433
1876	6,641,180

Permanent pasture.

	Acres.
1867	22,052,510
1876	24,053,271

Horses in Great Britain.

1870	2,631,306
1876	2,834,241

Cattle.

1867	8,731,473
1876	9,957,180

Sheep.

1867	33,187,951
1876	32,252,570

Swine.

1867	4,221,000
1876	3,754,000

The acreage in cereals is diminishing, while pasturage and grass lands are increasing. Horses and cattle are increasing, while sheep and swine are diminishing. Population is increasing. Since 1863 the acreage of grain has been reduced 367,000 acres, while the increase of population has been 4,365,000. Of course the food is imported and the modern inventions in steam transportation enable a nation in times of peace to rely on foreign supply; but it has to be paid for by the operative with money. Having no land to cultivate he can transform his labor into food only through wages received at the factory. When the supply and demand for goods are equal (and the demand will always bring up the supply) all goes well, but the least falling off in the demand is felt at once at the factory by reason of the rapidity of communication and transportation. And with the inability to save, which seems characteristic of the English operative, a few weeks idleness brings that distress which shows in the form of pauperism.

Now, if machinery has caused pauperism in England, what shall we say of Italy, where there is no machinery and where pauperism abounds? France has a great deal

of machinery, not so much as England, but pauperism does not prevail to any extent, while in Spain where there is no machinery the country is overrun with beggars.

We have no data in this country by which we can ascertain to a certainty whether pauperism is on the increase or decrease. We have only reports of cities and towns from year to year, but nothing from which we can predicate anything one way or the other. It is said that the number of the poor is increasing, but it is only assertion. I am disposed to think that in 1875–'76–'77, the number of men out of employment was greater than in 1873–'74; and I am also of the opinion that there are fewer men out of employment to-day than a year ago; but my opinion, with no facts behind it, is of little account. That pauperism is increasing out of proportion to the increase of population in this country, I am not ready to admit without something besides assertion. Colonel Carroll D. Wright, chief of the bureau of statistics in Massachusetts, has given testimony upon this point, and I need not further pursue it.

But allow me to revert once more to the Blue Book of Great Britain. It is said that machinery produces pauperism, and pauperism leads to crime. If such be the sequence, what shall we say to the following exhibit of commitments for trial in the United Kingdom:

Years.	England.	Scotland.	Ireland.
1862	20,001	3,630	6,660
1863	20,818	3,404	6,078
1864	19,506	3,212	5,086
1865	19,614	3,117	4,657
1866	18,849	3,003	4,326
1867	18,971	3,005	4,561
1868	20,091	3,384	4,127
1869	19,318	3,510	4,151
1870	17,578	3,046	4,936
1871	16,209	2,948	4,485
1872	14,801	3,044	4,471
1873	14,893	2,755	4,544
1874	15,195	2,880	4,130
1875	14,714	2,372	4,248
1876	16,078	2,703	4,146

In 1862 the total in the three countries was 30,291, while in 1876, with an increase of 4,365,000 population, the commitments ran down to 22,937. What shall we infer from this? That justice is not so vigilant in Great Britain now as in 1863? Or that from some cause there is really less crime? I will not attempt any elucidation here; but behind this fact there is a good deal of food for thought, especially for all those who believe that the world is going to the dogs about as fast as it can go.

Further on I shall have something more to say in regard to the sentiment of the world in relation to pauperism.

There is a class of inventions that we may term generic, which have had a great effect upon the condition of society. There is the telegraph, unknown at the beginning of this new civilization. There are to-day from 40,000 to 50,000 telegraph offices in the world. We may think of the great number of men that have been called from the farm, the workshop, the smithery, to make the wire, to construct the machines, the insulators, the batteries, and all other things employed in telegraphing. The operatives were doing something else. They have been called from a low employment into this higher occupation, which requires education, lifting them in the scale of civilization. The telegraph now gives employment to a large number of women who before were shut up to the industry of the household.

Photography is another generic invention which has had a very wide effect, even affecting the egg markets of the world. That is one reason why we do not get eggs cheaper to-day. It has affected the rag-pickers of Paris and every other city in the increased use of paper. Another generic invention is the use of India rubber, affecting not only people of this country but the natives of Borneo and South America. So also with gutta-percha. Then there have been the great developments in chemistry, a utilization of the articles that were formerly thrown away. Coal-tar, for instance, is now wholly utilized, and its products have become great articles of commerce.

Agricultural machinery is not generic. The reaper was invented in 1833, but was not brought out until 1844, when there were 150 machines put in operation. In 1850 there were about 5,000 reapers in operation. So clumsy and so unwieldy were they, that in 1852 the judges of the New York State Agricultural Association decided that it was not then determined that the mower would supersede the scythe or the reaper the cradle. And yet invention has been going on until to-day it emancipates the farmer from the tyranny of the men, the binders, who, starting in the South, make progress with the season, the ripening of the wheat, and move north to Minnesota,

making the farmers' necessity their opportunity, and compelling him to pay them from $3 to $5 a day. My brother in Minnesota had to pay that much last year, and he found the exactions of the binders so great that when the harvest came on this year he secured a self-binding reaper for his own protection, otherwise he could not have afforded to harvest his grain. The result is, we are able to take $180,000,000 a year from England for our food products alone.

The CHAIRMAN. Permit me to put a fact in there as to the increased demand produced by new inventions. Five years ago the first order was given for wire for the self-binder. The order was for about 50 tons of wire. The next year the order was about 300 tons; the next year the order was 2,800 tons; the next year it was 6,500 tons, and in the present year the order for wire for self-binders has been 12,000 tons. You can put that fact with your present facts to show the rapid progress that is being made in that direction. Fourteen thousand tons of iron twenty years ago would have covered the entire product of wire for the United States for all purposes whatsoever.

Mr. COFFIN. Besides that, sir, the invention of the cattle barb has made wire fences practicable, and all through last spring they were built at the rate of 160 miles a day, each foot of fence using about 7 feet of wire—all to the gain of the farmer, the iron-worker, and to the preservation of our timber for more important uses.

This new civilization has its power in the development of the forces of nature. Before the beginning of manufactures there were coal deposits in Pennsylvania as there had been from the day of creation. But the time came when invention, capital, and labor together employed the stored-up sunlight of the primeval ages for the benefit of the world. Let us see how coal and water have been employed to do the work of human muscles during the last half century. Take the State of Massachusetts in 1875 and let us see what was done. The horse-power of the steam-engines of Massachusetts in 1875 was rated at 208,166 horses, and the water-power at 318,748 horses, making a total of 526,914 horses, which was equal to the labor of 1,912,608 men, perhaps 300,000 more than the entire population of the State.

By the census of 1870 the horse-power in steam-engines in the whole country was 1,213,000, and in water-power 1,130,000, a total of 2,343,000, which is equal to the labor of 14,058,000 men, a horse-power being estimated to the muscular force of six men.

I come now to railway transportation. The Massachusetts railway reports for 1876 show 1,030 locomotives at work. One of our ablest engineers, Mr. Edward Appleton, has set himself to see what those locomotives would do when compared with the use of horses on common roads, and he estimates (after throwing out the locomotives that are used on tracks that are being repaired and in machine shops) 682 locomotives in use, and that the work performed by them would be equal to 1,519,496 horses on common roads. Taking his formula and applying it to the locomotives of the United States, as given in Poor's Manual, we find that the locomotives in the entire country are doing the work of 29,676,960 horses on common roads.

The cost of transportation has greatly decreased since the introduction of railroads, even over canal transportation. Last summer it cost but fifty cents to transport a barrel of flour from Saint Louis to Boston. How far can a barrel be transported on a common road? Not much more than five miles. Even if a man were to make a business of it, he could not transport a barrel more than ten miles at that price. Contrast this with 1830, when, on the Erie Canal, the cheapest transportation of that period, it cost $18.32 to transport a ton of frieght from Albany to Buffalo.

In 1840 the speed of the Atlantic steamships was 8.3 knots per hour, and in 1877 it was 15.6 knots. The consumption of coal in 1840 was 4.7; in 1877, 1.9 tons.

The CHAIRMAN. Do you mean per horse-power?

Mr. COFFIN. To be precise, let me give Mr. Bramwell's statement that within even the last fifteen years the consumption of coal in regular ocean steamers has been brought down from 5 pounds to 1¾ pounds per gross indicated horse-power per hour. But in this connection I call your attention to the fact that although the pound of coal can accomplish three times as much to-day as fifteen years ago, and ten times as much as it could at a time within our own recollection, we do not get along with one-third the coal we used in 1863. On the contrary, there was probably never so much coal used for steam as now. Its increased efficiency has cheapened its use, or the power which is its product, and this cheapness has increased the demand not only for power but actually for coal. And I believe the same rule holds true of labor when its efficiency is increased. I think it is apparent that if the locomotive were blotted out of existence, if, in the matter of transportation, we were to be set back to our condition of a half century ago, vast areas of this country, now prosperous and powerful States, would be solitudes—the home of the buffalo and the Indian. Let us not forget that the first furrow in the State of Iowa was turned in 1833, and that up to 1856 Minnesota did not raise enough wheat to feed her population.

The number of operatives engaged in the manufacture of cotton goods throughout the world is estimated by Mr. Edward Atkinson at 1,100,000. The English statisticians estimate the number 1,300,000. I take the larger. The cotton manufacturers

state that machinery has increased individual labor a thousand fold; therefore there are 1,300,000 persons employed in cotton manufactures throughout the world, doing the work that, under the old way, of hand-loom and the spinning-wheel, would require the labor of every individual on the face of the earth, as given by the Almanach de Gotha. In 1830 the price of prints was 50 cents a yard—not so good a quality as that which you can purchase to-day at 5 cents a yard. I have at home a piece of the cloth such as was manufactured in 1830. It was given to me by Mr. Samuel Bachelor, one of our venerable manufacturers of New England. It is of such quality as to-day would be hardly used for the lining of shoes; but then it was considered a very good class of cotton goods.

The CHAIRMAN. In 1790 a man was executed in Dublin for some crime. He was a linen weaver, and in his dying speech he said that if it had not been for the introduction of cotton superseding his trade, he would not have been reduced to poverty and would not have been compelled to steal, and he charged his fate on the invention and introduction of cotton into England which had destroyed his business. He made quite a strong philosophical politico-economical argument in his last dying speech, warning the people to turn cotton out of England because it would bring everybody into the same unfortunate condition as it had brought him.

Mr. COFFIN. If you visit Garsed's manufactory in Philadelphia, you will find his engine doing with seven tons of coal the work of seventy thousand men. If we reckon seven tons of coal as costing $21, and the labor of seventy thousand men at $1 a day, then it is $21 as against $70,000 of expenditure saved in muscular effort. Does it throw men out of employment? Does it not liberate them from muscular toil? Does it not leave them to do something better and higher? Instead of employing their muscles they employ their brains.

The CHAIRMAN. Take the bluing machinery introduced into manufacturing and displacing twenty or thirty men. They have no place to go and use their brains; they are turned out of this particular work and have no other occupation. What are they to do?

Mr. COFFIN. Under the conditions of life in this world there will always be a readjustment of things, and some men are going to be thrown out of employment and forced to seek new fields of labor. That is the operation of physical law, and can no more be changed by legislation than the revolution of the earth on its axis.

The CHAIRMAN. You do not deny that immediate distress is produced, but you think that ultimate benefit results?

Mr. COFFIN. It would cause immediate distress if all machines were invented at once and came into universal use at once, but neither is true. A machine is always of slow growth. It takes years to bring it to perfection. Take the locomotive, for example. Stephenson's first machine weighed from three to four tons. How crude it was! It has taken three-quarters of a century to bring it to its present degree of perfection, and it has not reached its ultimate power. The locomotives of the future will accomplish far more work than those now in use. Did the locomotive come into universal use at once? How many men did it throw out of employment the first year of its introduction? Very few, if any. They were wanted on the railroads. Improvements of the last twenty-five years, particularly the hydro-extractor, have greatly decreased the labor required to refine a pound of sugar; but the result in the long run has been that everybody uses refined sugar instead of the moist brown sugar we used to have, and I do not doubt that more operatives are employed in the business. Take the reaper for illustration, invented in 1833. In 1845, only one hundred and fifty in use. In 1852, at a trial of reapers in Geneva, New York, there were nine machines by different makers, and so imperfect were they that not one could stop in the grain and start again without backing to get up speed. Nineteen years had passed since the taking out of the first patent, and there were not at that time only about eight thousand machines in use. Since then more than two million reapers have been manufactured, and the manufacture is going on at the rate of about one hundred and fifty thousand per annum. If these machines had all been brought into use at once they would doubtless have made a great disturbance of manual labor; but, as I have said, no machine ever does so come. I have shown that before the capitalist can start his manufactory he must build it, and that he calls a great number of men from other employments. The moment that they left one employment for another readjustment began, and it was so gradual that there was no immediate distress. I have yet to find proof that the use of machinery causes any considerable distress; but, on the other hand, I will show you that for the lack of it there has been terrible distress. China has no machinery—no railroads. All labor in that country is muscular, and yet we have seen several provinces depopulated by famine, notwithstanding the efforts of the government to relieve the distress. It was an impossibility. There was food enough in the world; we could have supplied it in abundance; but if we had sent millions of bushels of grain to Shanghai or Pekin, the starvation would have gone on all the same for want of railway transportation. Take the famine in the East Indies a few years ago as an illustration. The British government piled the docks at Madras with mountains

of food; it employed all the carts it could obtain: but with all the means at their command it was found impossible to relieve the distress, and the government, to prevent a recurrence, has constructed railways, not simply as commercial enterprises, but in the interest of an advanced civilization and in accordance with humanitarian ideas.

We shall find, I think, when we examine this question closely, that the use of machinery instead of causing distress alleviates it, and that it will be seen that instead of supplanting labor creates ever a new demand for it by the opening of new fields. I would not be understood as saying that machinery does not necessitate a change of occupation; that is inevitable. It belongs to progress. If it is complained of as a hardship for one who knows only one occupation to be compelled to change it for another which he must acquire in old age, I admit it, and have only to say that there are a great many other hardships in life under the domain of physical law. The fire burns my house, the hail destroys my wheat, the sun scorches it, rust renders it valueless, and I am powerless under these forces of nature, just as I am when the introduction of a new machine forces me to seek other employment. Is it said that we cannot prevent fire, hail, rust, and mildew, but we can prohibit the use of machinery? Very well. Put on the prohibition and become Chinese, for that is what we shall be—stationary, utterly non-progressive.

Pardon me for elaborating this point at such length, but I have been led on in consideration of the loose ideas afloat in regard to it.

The CHAIRMAN. You do not deny that immediate distress is produced, but you think that ultimate benefit results?

Mr. COFFIN. That is the proposition. I would not have it understood as immediate relief.

The CHAIRMAN. On the contrary, immediate distress.

Mr. COFFIN. If it causes immediate distress, it produces ultimate benefit. It leads men to a higher plane of existence. With the capacity which our people have to change their occupations I doubt this immediate distress. I have never been able to find instances or proof of it. For illustration, blued screws, blued iron is much more used than a few years ago, and nickle finishing is a new art. In Lowell each factory building for thirty years has been increasing its product and diminishing its hands; but the city has increased several fold, and Lawrence, nearly as large, has grown up a few miles from it.

Take another illustration. Under the old process of cleaning cotton, before the invention of the Whitney gin, a man could clean four pounds a day. The gins now in use clean 4,000 pounds a day. The cotton crop of this country last year was estimated at 4,700,000 bales. It probably exceeded that. That would be 2,021,000,000 pounds. Under the old way it would have required 505,000,000 days' work at $1 per day (that is $505,000,000) to clean cotton—a work which is done at present by 1,614 men working 313 days in the year, and costing not over $500,000.

From this presentation it is clearly manifest, it seems to me, that through the employment of the forces of nature, through discovery, through invention, by capital and labor working together, there has been a great increase of accumulated earnings. Labor claims that it has done pretty much all that has been accomplished, and that capital is oppressive. Waiving for the present an examination of the claim, let us glance at some of the accumulations of labor and capital jointly during the last few years.

The first savings bank in this country was established in Philadelphia in 1816. The deposits in 1830 in all the banks of the country were about six millions of dollars. In 1876, as by the American Almanac, they were a thousand million dollars. In general banking we have no data of capital in 1830, but the circulation in 1830 was $74,248,000, or $5.77 per individual. In 1874 the circulation (greenbacks and national bank notes) was $777,538,000. or $18.14 per individual. I suppose that to-day it would not be more than $16 per individual, but I have not the figures. The national bank exhibit for December, 1877, shows:

Capital paid in	$479,467,000
Surplus fund	122,776,000
Undivided profits	44,572,000
Individual deposits	616,218,000
Or a total of	1,263,033,000
Other banks and trust companies, capital paid in	223,503,000
Deposits	1,351,867,000
	1,575,370,000
Total banking	2,838,403,000

I have not been able to obtain, in regard to insurance, full data. Fire and marine insurance are of ancient origin. Life insurance belongs to the new civilization.

New York joint-stock companies in 1877 had gross assets to the amount of $59,661,000. The companies of other States doing business in New York had gross assets to the amount of $77,047,000. The Connecticut fire companies had gross assets to the amount of $100,000,000, the Connecticut life companies $97,000,000, and the Massachusetts fire and life companies $140,000,000, making a total of $414,047,000. It is probable that the assets of all the insurance companies in the country will aggregate about $800,000,000. In railroads, the stocks and bonds in 1878 amounted to $4,413,000,000. Of course there is a large amount of indebtedness on them. As to national and State securities, the amount of national securities in 1877 was..... $2,060,000,000

State securities in 1870	868,000,000
County securities in 1870	157,955,000
The securities of 126 towns in 1876 (according to the American Almanac, page 382)	644,119,000
Total	3,730,074,000

The national bonds held abroad are said to be no more than $200,000,000, and our total indebtedness held abroad is supposed to be about $500,000,000. The aggregate capital in banks and insurance, railroads, national, State and other bonds, thus gives an aggregate of about thirteen thousand million dollars. In 1870 the census gave the value of property in the United States at thirty thousand sixty-eight millions. A writer in an English statistical journal, in June, 1877 (Mr. Bouve), says that the wealth of England is increasing at the rate of twelve hundred and fifty million dollars per annum. Mr. Gladstone says that the development since 1800 is greater than that from Julius Cæsar to that date. Mr. Edward Atkinson has shown you that labor takes 95 to 98 per cent. of the earnings, leaving to capital from 2 to 5 per cent. I have nothing to say on that point, and therefore pass it.

But capital is liable to utter annihilation. I have no data in reference to the amount lost by fire per annum, but several gentlemen conversant with insurance have given me their opinion that it amounts to at least $100,000,000. Invention destroys capital. The manager of the Amoskeag Mills, Manchester, N. H., informed me that no manufacturer could afford to take as a gift to-day a manufactory equipped as it was in 1860. A gentleman from South Carolina informed me that one of the manufactories in that State was sold the other day under the auctioneer's hammer; that the men running it had been running the same machinery that was in use before the war, and that it had bankrupted them simply because invention had gone on so far and so fast, that no man can take the machinery as it was in 1860 and run it to-day and make a living.

The CHAIRMAN. Our own iron-works at Trenton were begun in 1845. They have been rebuilt practically five times since 1845, absolutely rebuilt, not on account of destruction by fire, but in order to keep up with the improvements. I speak of rolling-mills. Furnaces have had to be rebuilt in exactly the same way. For instance, no furnace that was in existence twenty years ago could be run to-day. No man could afford to take it as a gift and run it.

Mr. COFFIN. Progress destroys capital. Fashion destroys it. A few years ago there was a large amount of capital invested in the manufacture of hoopskirts, but the ladies took it into their heads not to wear hoopskirts any longer, and that capital was utterly annihilated. One remarkable thing, however, has come out of the capital invested in the manufacture of crinoline skirts. The inventions in the manufacture of the steel used (thin strips of steel) have been turned to good account in other departments of industry. Change of style destroys capital. If you go into one of our manufactories of mixed goods (cotton and wool), you will find that the change in taste is constantly compelling the owners to banish their old machinery and put up new. At first sight it seems to destroy the laborers' capital, the skill of handicraft which enables him to earn more than the wages of mere unskilled labor. But I think that the modern training of the workshop gives him something better than manual skill, namely, the intelligence to learn new things; and this is a capital which a change of fashion does not destroy. In order to show instances of the extinction of capital, I will state that in 1878 there were in this country forty-eight railroads in bankruptcy. These companies represented thirty-nine hundred miles of road and three hundred and twelve million dollars of capital. Last year twenty-seven railroad companies, representing thirteen hundred and twenty miles of railroad, had receivers appointed.

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Mr. COFFIN. Yes; about one-half.

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Mr. COFFIN. The real capital was what the road cost.

The CHAIRMAN. But after it became fixed, then the capital is not what the road cost, but what it was worth.

Mr. COFFIN. And if is not worth what it cost, or if it never will be worth what it cost, it is so much accumulated capital lost forever.

Mr. THOMPSON. Somebody lost the money invested in the bonds.

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Mr. COFFIN. I come now to the causes of the present depression. Under this new civilization an amount of capital has been called for far beyond the accumulations of the past, and the future has been drawn upon as never before in the world's history. The country tied up in mortgages all its past accumulations and all its prospective earnings for a long period of years. Everybody issued promises to pay. The outstanding bonds of the United States at present are to the extent of more than two thousand million dollars. The States, counties, cities, towns, villages, railroads, manufacturing companies, churches, societies, individuals, all issued promises to pay. We constructed railroads where they were not needed, in solitudes where there was no present and but little prospective revenue. We laid out towns in the wilderness, giving a fictitious value to land. That which had had no value suddenly became assets upon which we issued more promises to pay. Multitudes, instead of producing, turned their attention to creating fictitious values, upon which they issued promises to pay, adding nothing to real accumulations, but, instead, mortgaging prospective earnings. It was in no sense real capital, but it could be used as real. We purchased carriages, pictures, books, pianos, articles delightful to have, but which produce nothing and which are constantly depreciating, and we paid for them in more promises to pay, increasing the fictitious value, but adding nothing to real accumulations by the process. So long as we could meet our promises to pay by issuing more promises the miner went on mining, the furnaces blazed, the rolling-mills turned out iron, the railroad-builders went on laying down tracks in the solitudes, trade was lively, and everybody seemed to be on the road to fortune. We bought and sold, scattered that which we called money right and left, losing sight of the fact that everything in the universe is under the domain of law, and that sooner or later the laws which govern human progress, which are powerful to build up, are equally powerful to destroy.

Society is so complex, so interwoven and interdependent under the new civilization, that any derangement of one wheel in the system will be felt in every part. We had used up so much of our past accumulations in unproductive enterprises, had issued such an enormous quantity of promises to pay, that, when in 1873, a firm that had issued large promises, failed to meet its obligations, the whole fabric tumbled; other firms failed to meet their promises, and there was a general stoppage of the entire machinery, throwing a multitude of men out of employment. There was nothing for them to do, nothing to pay them with. Then came the clearing away of the wreck by trustees, receivers, courts of insolvency, the wiping out of indebtedness of railroads, trust companies, and savings-banks. Men who had invested their earnings in them, who thought themselves rich, saw their assets disappear like the fog before the sun. In addition, cities, towns, counties, and States openly repudiated their solemn obligations.

Amid this wreck and ruin labor complains, and we are brought to the question of present *earnings* and *havings*. I refer, in this connection, to the statement of factory operations given by Mr. W. A. Burke, of the N. E. Manufacturers' Association, showing that the factory operatives in 1838 worked seventy-six and one-half hours, and in 1877 sixty hours per week; that in a factory in Nashua, N. H., with 6,100 spindles, the number of hands employed was, in 1838, 28 males and 213 females, total 231; and, in 1877, males 15, females 75, total 90. The increase of wages comparatively was, for males 40 per cent., for females 47 per cent. The amount of production in 1838 was 1.01 and 3.33 pounds of cloth in 1877. The cost of production was 4.79 in 1838 and 2.58 in 1877. This advance of wages, this decrease of the cost of production, was brought about by annihilation of the original capital. The records show the earnings and the prices of board in 1860 and 1878. They are as follows:

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Mr. COFFIN. Two dollars and ten cents; that is what the girls pay.

The CHAIRMAN. It is very low.

Mr. COFFIN. Yes, sir. The quality of the board was probably better in 1878 than it was in 1838. Through the kindness of Col. Carroll D. Wright, of the Massachu-

setts statistical bureau, I am able to present the following statement compiled from his forthcoming report on the increase and decrease of wages in Massachusetts in 1878, as compared with 1860:

		Per cent.
Agricultural laborers, by the day	(increase)..	38
Agricultural laborers, by the month	(increase)..	15
Blacksmiths	(increase)..	47
Book-binding, men	(increase)..	17
Book-binding, women	(increase)..	14
Boots and shoes	(increase)..	26
Bread and crackers, men	(increase)..	38
Bread and crackers, women	(increase)..	13
Boxes, men	(increase)..	3
Boxes, women and girls	(decrease)..	12
Brick-makers	(increase)..	12
Brushes, men	(increase)..	9
Brushes, women	(decrease)..	6
Brushes, boys	(increase)..	25
Building trades	(increase)..	16
Cabinet, men	(increase)..	6
Cabinet, women	(increase)..	16
Carpenter	(increase)..	23
Carriages	(increase)..	30
Clothing	(increase)..	8
Cotton goods	(increase)..	19
Dress-making	(increase)..	19
Leather	(increase)..	28
Linen	(increase)..	20
Machinists	(increase)..	27
Cutlery	(increase)..	9
Soaps	(increase)..	15

The CHAIRMAN. It is interesting to observe in your running through the table that the higher the grade of intelligence—so far as I can judge from your reading there—the greater is the increase of the rate.

Mr. COFFIN. Yes, sir; in most cases you will find that to be the rule.

Mr. COFFIN (resuming):

		Per cent.
Type	(increase)..	16
Metals, fine work, jewelry	(increase)..	25
Millinery	(increase)..	23
Paints	(increase)..	28
Paper	(increase)..	41
Envelopes	(decrease)..	11
Painting	(increase)..	30
Ships	(decrease)..	52
Silk	(increase)..	45
Soap and candles	(increase)..	13
Stone-cutters	(increase)..	8
Tobacco	(increase)..	22
Woolen goods	(increase)..	33
Worsted goods	(increase)..	22
Average	(increase)..	24.4

The CHAIRMAN. In regard to the showing for paper, can you account for that?

Mr. COFFIN. I presume that in these figures the compiler may have included under that head not only the manufacture of paper, but the business of paper-hanging.

The CHAIRMAN. That is true; there may be the decorative part; I do not know what all may be in there.

Mr. COFFIN. I am also enabled, through the courtesy of Colonel Wright, to present a list of the average retail prices of articles of living for 1860, 1872, and 1878. I will not give them unless you desire to have them.

The CHAIRMAN. I was going to ask you what is the average rate of increase or decrease.

Mr. COFFIN. I will give you the average rate of a few of the articles in 1878 as compared with 1860. In the matter of groceries, the increase was 7 per cent.; provisions, 28 per cent.; fuel, 5 per cent.; in dry goods, a decrease of 9 per cent.; boots, increase of 18 per cent.; rents, increase of 25 per cent.; board, increase of 49 per cent. The average increase of the cost of living is 14½ per cent. I will run over a few of the articles that are given here in the table showing the average retail prices. These are as follows: Flour (superior and family), rye flour, corn-meal, codfish, rice, beans, tea, coffee, sugars,

molasses, soaps, starch, beef (rump steak), mutton, pork, ham, lard, mackerel, butter, cheese, potatoes, milk, eggs, coal, wood (hard and pine), shirtings, sheetings, canton-flannel, and so on.

The CHAIRMAN. He arrives at his average by dividing all those articles into the total amount, I suppose.

Mr. COFFIN. I do not know how the average has been obtained.

The CHAIRMAN. That would be the ordinary way of obtaining it; yet the staple articles alone ought to be the ones he would take in order to arrive at a decision on that point.

Mr. RICE. Do you think, Mr. Chairman, that the staple articles show an increase?

The CHAIRMAN. My experience is that such is not the fact. Indeed I may say that my own books show that at no time since the concern in which I am interested has existed have the prices of pork and flour been as low as they are to-day.

Mr. RICE. Those are the two things that enter most largely into daily consumption.

The CHAIRMAN. My conclusion is that pork and flour are cheaper now than they have been since 1861.

Mr. COFFIN. The figures given in this table for flour in 1861 are: In 1860, $7.61; in 1872, $10.75; in 1878, $8.63.

The CHAIRMAN. Flour is rated very high there, it seems to me; but then he has possibly given the retail prices.

Mr. COFFIN. The "Haxall" flour is probably here given.

The CHAIRMAN. That flour is not in general use. That which we use at our works is the New York State superfine flour. It is a grade which we buy now at a little less than $5 a barrel, and we buy pork at 8 cents a pound. It is incredible, but we are doing it.

Mr. COFFIN. From this exhibit we see that so far as labor in Massachusetts is concerned the increase of earnings since 1860 is 24.4 per cent. and the increase of expense 14.5 per cent.; this on a basis of sixty hours per week against seventy-six and one-half hours per week in 1860.

The CHAIRMAN suggested the propriety of some such revision of the figures just read as would show more definitely the facts which they purported to substantiate. As a case in point, he referred to the matter of sugar, upon which in 1860 there was a very low tariff, while now we have a very high tariff; the effect of this upon the price and necessarily upon the expense of living to the workingman, being one of the points which required more explicit demonstration.

Mr. COFFIN. I concur fully in the suggestion.

The showing here given is based upon sixty hours per week as against seventy-six and a half hours in 1860.

In this connection I give a statement taken from the Charleston News and Courier of January 8, in regard to prices in that city and the effect of resumption. It is as follows: "The United States is now standing on a gold basis, and every transaction measured by that. To this the country has been tending for three or four years. On January 1, 1878, in Charleston, a pound of bacon, a pound of lard, a bushel of corn, a pound of sugar, a gallon of molasses, a pound of coffee, a bushel of salt, a pound of rice, and a barrel of flour, bought at wholesale prices, cost altogether $7.31. These same things can be bought to-day for $5.55. The reduction is 24 per cent. That is, every dollar now earned goes as far in buying necessaries of life as a dollar and a quarter went a year ago. Wherever wages have not been reduced since last January, they who earn them are really getting a fourth as much more as they were getting then."

Referring again to New England, we find that in 1845 farm hands received ten dollars per month, with board in summer, and lived in enforced idleness in winter. In 1878 they received from sixteen dollars to eighteen dollars per month, with board, though they had not, probably, much more to do in the winter season now than they had in 1845.

Mr. RICE. In many sections they are kept working in the winter upon the bottoming of chairs and in many other kinds of labor sent out from the factories. The shoe business also is carried on more extensively in the winter than in the summer.

Mr. COFFIN. The shoe business is spasmodic. The hands have more work in the winter than in the summer, as a rule, I think.

I wish to call attention to the fact that no farmer, East or West, could now afford to pay to a laborer who can only use his muscles even such wages as he could afford to pay in 1845. The crop would cost too much to export, too much to be freely used at home. In point of fact he does pay more wages per day, which shows that the demand for labor has not fallen off; he raises each bushel of grain at a less cost for labor. Machinery enables him to reconcile these two conditions.

The complaints of distress that reach this committee come from laborers; but there is another class in the community who have not asked for relief, whose distress is quite as great as that of those who ask that the government shall give them employment. I refer to that large class, made up in a great degree of women, who have seen

their accumulated earnings swept away by courts of insolvency or openly repudiated by sovereign States. It is hard to conceive of any condition more unfortunate than that of the men and women who, without any fault of their own, relying on the protection given by law to depositors in trust companies and savings banks, find that the laws are powerless to protect them from the losses inflicted upon them; of those who, with implicit confidence in the pledges of municipalities, find that they have no redress upon default of payment; and of those who, relying upon the honor and integrity of sovereign States, upon the guarantees of legislatures, the signatures of governors and treasurers, discover ultimately that State honor is but a synonym for repudiation.

Mr. RICE. You are referring now to that class of people who have accumulated a little money.

Mr. COFFIN. Yes, sir; I am referring to those who have saved a little. The reason why I introduce it is that, while one class complains of distress, there is another class which, it seems to me, are equally distressed, from whom I have not heard any complaint.

Mr. RICE. They make complaints also.

Mr. COFFIN. They have not made their complaints to this committee, I presume.

The CHAIRMAN. We have complaints from all quarters. But I think we have not had brought before us in a tabulated form the evil caused by the enormous accumulation of corporation and State debts; that is to say, the exactions which such debts make upon incomes, especially fixed incomes, in order to meet the taxes levied thereon. I do not think that that has been brought out as it ought to have been.

Mr. COFFIN (resuming). What is the result? Capital folds it arms and waits, while labor, with nothing to live upon, looks in vain for remunerative employment.

The CHAIRMAN. Your whole argument up to this point has been to show that there has been more occupation and employment for labor latterly than ever before, has it not?

Mr. COFFIN. Yes, sir; not, of course, taking any one year, but a series of years or an average year. But capital does not go into new enterprises. It simply goes on in its old enterprises at a slow rate. I think you will find very few new enterprises starting.

The CHAIRMAN. You mean to say that there is an indisposition to invest in new directions.

Mr. COFFIN. Yes, sir.

The CHAIRMAN. We admit that.

Mr. COFFIN (resuming). Let me call your attention to the fact that repudiation by States and municipalities is a boomerang, which comes back to inflict a blow upon labor; and that nothing can be more detrimental to the interests of labor than to make capital insecure. Now, Mr. Chairman, what has been made manifest by this review? It seems to me that the apparent results may be summed up under the following heads:

First. That the earnings of to-day are from 40 to 60 per cent. greater than they were in 1830, and 24 per cent. greater than in 1860.

Second. That the cost of living in 1878 is but 14 per cent. in excess of what it was in 1860.

Third. That the *havings* of to-day are immeasurably greater than the *havings* of 1830, and far greater than in 1860.

Fourth. That the mass of the people are better fed, clothed, housed, and in possession of more of the comforts of life than at any other period of the world's history.

Fifth. That this change has been brought about by the development of the forces of nature through discovery, invention, the use of machinery, and the harmonious working of capital and labor.

Sixth. That capital and labor, instead of being antagonized, are naturally helpful to each other; and that any conflict between them is brought about by elements that are beyond the control of either acting separately.

Seventh. That there are four such elements: discovery, invention, fashion, destruction.

Eighth. That there must be an equalization between production, distribution, and consumption.

Ninth. That at present the facilities for production are far greater than our facilities for distribution.

The CHAIRMAN. What do you mean by "distribution"—the distribution of the commodities or the distribution of the proceeds of labor?

Mr. COFFIN. I mean the distribution of commodities.

The CHAIRMAN. Do you mean to say that we cannot distribute our commodities as rapidly as we can produce them?

Mr. COFFIN. I mean that we cannot reach a large enough area; I mean that the depression of to-day, the stagnation of business, is for want of a market.

The CHAIRMAN. That is one thing, and whether the people have the ability to buy is another. But you allege a want of facilities of distribution, and I was going to ask you, Have we not railroads enough to-day; have we not an ocean and ships enough?

Mr. COFFIN. I do not think I have made clear the point that I wished to present. It was this, that there is a world outside of our own country which we have not reached yet, and that our facilities for distribution do not enable us to reach that.

The CHAIRMAN. Let us see whether our facilities of distribution do not enable us to reach it. Have we not an ocean?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. Is there any trouble in getting ships to go to foreign ports?

Mr. COFFIN. A good deal of trouble to reach some ports.

The CHAIRMAN. What is it.

Mr. COFFIN. It arises, in part, from the fact that steamships have superseded sailing-vessels, and we have no steam marine.

The CHAIRMAN. Do you not know that our ports are open; that all the shipping required is in existence, and is to-day lying idle for the want of business? The ocean lines are anxiously looking for freight, but we cannot adequately supply them with business.

Mr. COFFIN. We can find steamships enough to ply between this country and England, but I will bring up in reply the argument which has been frequently made in advocacy of a steamship line to Brazil. English steamers will take a cargo of goods from Liverpool to Brazil, a cargo of coffee from Brazil to New Orleans, a cargo of cotton from that port to Liverpool, but on no account will they take a cargo of American products back to Brazil, even at higher rates than to Liverpool, for upon the whole it is not for their interest.

The CHAIRMAN. Your answer does not meet the point. The reason why a line has not been established is that there are not freights enough for it.

Mr. RICE. Assuming that the freight at this end would be sufficient to meet probable requirements, the question would be what profitable disposition could be made of the freight when it reached the other end.

The CHAIRMAN. There was no market there for our goods, for the reason that our own were undersold in the market there by British goods; and the reason was perfectly obvious in the fact that we taxed our raw material and then carried the product to Brazil to compete there with a nation which did not impose a tax on raw materials. If, therefore, you refer to the abolition of our shipping as one evidence of a lack of facilities of distribution, you are in error. When you say it is because of the want of a market, I agree with you. If you will point me to any agency of distribution that is defective, I will be glad to agree with you as to that.

Mr. COFFIN. The question of tariff and free trade is so wide, that you can hardly expect me to enter upon it in this connection; but the fact remains that, from some cause, we do not have a foreign market for our products. What I wish to say is that the American manufacturer has not such facilities for distribution as his competitor across the Atlantic. The British Government, by its system of ocean postal service, reaches every country with its steamers, giving constant facilities to the merchant and manufacturer. The American manufacturer has no such facilities for distribution, and I do not see how he can find a market. England aids her manufacturers through her postal service. Our government does nothing of the sort. But I think that is not the only, perhaps not the greatest, difficulty. To go no further, there are consumers unsupplied in every house in Mexico and South America. The manufacturers of this country are capable of producing enough to supply them. So far as cost of manufacture is concerned no one can do it more cheaply. Mechanical skill has furnished and is ready to furnish every physical appliance for communication and transportation. It is the business of the merchant to place that product at that consumer's house, and he does not do it. Whether it is because he lacks skill and enterprise or because the laws are unfavorable to trade I will not discuss. It is enough to say that the fault does not rest with the manufacturer or the machine builder. It is the same with regard to internal commerce. The cost of manufacture is, in general, very small as compared with the increase of price that comes in between the factory and the consumer. We must find some way of improving this wasteful and, therefore, imperfect method of distribution.

Tenth. I state, as the tenth in order of the series of results shown, that the laws of progress will ever require a readjustment of labor; that discovery, invention, and fashion will ever force men to abandon their old and seek new occupations.

Eleventh. That every advance in inventions will demand a higher degree of intelligence, requiring a higher education.

Twelfth. That men must accommodate themselves to the laws of progress or be crushed by them. Let me not be misunderstood on this point. The laws which underlie progress are physical. No legislative enactment can alter, amend, or stop their working, and any attempt to accomplish such an end by any such means would be as futile as would be that of attempting to protect from injury a man who happens to stand in the way of the thunderbolt. I assert with emphasis, that under these laws labor will ever be compelled to seek new employment and that capital will ever see itself annihilated.

Under the new civilization there has been a higher plane of living. We are not content now with what satisfied us in former days. There has been also a development of humanitarian sentiment. Man is more than an animal; he must do more than simply exist. I am glad that it is so. I am glad that men in the lower strata of society are not satisfied with things as they are, but are reaching out after something higher and better. The idea that men must have more than bare existence has so permeated society that penal, reformatory, and charitable institutions now have comforts that were unheard of a half century ago. Mr. Bonamy Price* states that it has been officially announced that the present cost of maintaining one thousand paupers in London is five times greater than it was in 1815. The British blue-book shows the advance made since 1863. In the table already given we saw that the total number of persons relieved in England in 1863 was 1,142,624, at a cost of £6,527,036. That was at the rate of $28.50 per individual, reckoning $5 to the pound; whereas in 1878 the number relieved was 742,703, at a cost of £7,400,966, at the rate of $49.50. In Scotland the number relieved in 1863 was 120,284, at a cost of $30.55 per person; while in 1876 the number was 96,404, at a cost of $44.60 per person. In Ireland in 1863 the number relieved was 66,228, at a cost of $52.90 per person; while in 1876 the number relieved was 85,330, at a cost of $65.11 per individual.

It is evident that the differences do not arise from any corresponding increase in the price of provisions; and I think it is equally clear that they do arise from the increase of articles now regarded as necessary to human comfort.

We have seen the bank circulation increased from $5.77 per individual in 1830 to $18.14 in 1874. With increase of production there was increase of consumption. We issued promises to pay, and purchased our carriages and pianos and pictures, and went on till prudence became improvidence. We took it for granted that things were to go on just as they were going. We became extravagant in everything; rich and poor alike lived up to and beyond their means. To-day we are compelled to study economy, to deny ourselves things that we formerly enjoyed, and hence the widespread restlessness and discontent, and hence the appeal to Congress to give employment to the unemployed.

I need not enter upon the question of the power of Congress in the premises. I have only this to say in connection, that any restriction of the hours of labor; the removal of the poor of the cities to farms; the construction of public works that are not needed will not give any permanent relief. If the government has works that need to be carried on, very well, let them go on; but it is just as wise to employ men to remain idle as it is to employ them to do that which we do not need. In any case the taxpayers must foot the bill.

The CHAIRMAN. Suppose that in a community there are many families who do not want to be idle and would be glad to work on the Western farms, who can find no employment here at their own business, and want to go to the West—do you not think it would be advantageous to the nation if those people could be transferred from the place in which there is no work to a place where there is work?

Mr. COFFIN. I do, but I do not think it is the province of the government to do that.

The CHAIRMAN. Do you mean to say that the government should not do it because the question is a difficult one, or that we should not do it on *politico-economic* grounds?

Mr. COFFIN. I think it is a question of political economy.

The CHAIRMAN. Do you know that there have been and are at this time governmental colonization schemes, such as this one, in operation?

Mr. COFFIN. Other nations have put the principle in operation, but, in so doing, they have assumed to be paternal. Our own government is founded upon a principle the reverse of that idea; this is a government of the people.

The CHAIRMAN referred, by way of illustration, to the Canadian policy in offering inducements for immigration, the effect of which was apparent to-day in taking from Great Britain her surplus population. He knew of no moral principle which would prevent a nation encumbered with too many bees in a hive from assisting, out of the accumulated property which all had gathered together, those of its people who were willing and desirous to cultivate new lands and make new homes within its borders. The question of constitutional power in the case of our own government was quite another consideration, but, with reference alone to the abstract principle involved, he failed to see why the people of a nation could not be assisted in this way when, otherwise, they would be compelled to stay at home unable to produce an equivalent for that which they consumed.

Mr. COFFIN. I think that any such scheme, if carried out, should be through that humane sentiment of the community, which manifests itself in voluntary contributions and diffuses among men a spirit of brotherhood.

The CHAIRMAN. I understand you to say that it would be better to have it left to individual action rather than to the government, because in the hands of the latter it would not be an economical or wise mode of doing it.

*Political Economy, page 237.

Mr. COFFIN. I think it would not be a wise mode of doing it.

The CHAIRMAN. But you do not object to its being done?

Mr. COFFIN. Not at all. Under a monarchical form of government it might commend itself most forcibly.

The CHAIRMAN remarked that if the necessities of the government were such as to require a prompt decision, he inclined to the opinion that he would not be influenced by any consideration as to whether the government was that of a monarchy or a government of the people; that if individual action proved itself inadequate to meet the case, he would have the government assume the responsibility, and would deal with the evil without hesitation, just as a surgeon would with a disease which required to be wholly eradicated.

Mr. COFFIN. I have only a few suggestions to make. I wish to say that I have no fears for the future of American industry. I entertain a profound conviction that America is about to enter upon a career of unparalleled prosperity.

The CHAIRMAN. I wish you would make that point clear, because I have been criticised rather freely for expressing a similar opinion in New York a few months ago.

Mr. COFFIN. I will endeavor to do so briefly. In the first place, America possesses all the primal conditions to this end in a degree not enjoyed by any other nation. We have a continent to ourselves, whereas Great Britain has a less area than the States of Illinois and Iowa. We have every variety of soil and climate, with capacity to produce breadstuffs far beyond our own wants. We have unparalleled resources in the forces and materials of nature, in our rivers, and exhaustless beds of coal and iron. Under the fostering care of our fathers we have encouragement to make iron and steel, steam and water do the work of human hands far beyond encouragements given by any other government; for this country stimulates invention by its patent laws, securing to the patentee the exclusive right to his invention for a term of years on payment of $30, whereas in England it used to cost nearly $1,000 to secure a patent. What is the result? In this country the number of patents taken out aggregates about thirteen thousand per annum against about four thousand in England. We have an army of inventors. The result was seen at Paris last summer, where the United States stood at the head in useful inventions.

Through the superiority of our inventions we are beginning to secure an export trade, which, though at present is not very large, is continually increasing and promises to have a very great development. It is not confined to one department of industry, but applies to all.

The CHAIRMAN. What is to prevent the prompt introduction of improved machinery into the other countries who are the rivals of this country? They have heretofore been slow to take advantage of their opportunities in that respect, I admit, but the indications are that they are now doing so very rapidly.

Mr. COFFIN. I will answer that by narrating a fact within my knowledge. Year before last, one of the largest boot and shoe manufacturers in Switzerland, after visiting the Centennial Exhibition and seeing our boot and shoe machinery, obtained a full set of the machinery and took it to Switzerland. He found when he got the machines over there that his own workmen could not make use of them, and he was forced to send over to America to procure American workmen.

The CHAIRMAN. But how long is that condition of things likely to continue? It is only a question of a generation, I take it, as to when the people there shall have acquired the facility of managing American machinery. The Swiss make watches of the finest and most intricate patterns, and they certainly can learn to make a shoe.

Mr. COFFIN. We can go ahead faster than they can follow. The copyist cannot surpass the thing copied. Improvements that do not form part of a progress of indigenous origin, improvements adopted from abroad and not continually fed from home invention may make a nation second, but cannot make it first. An art may be brought from abroad, and that is the theory on which protective tariffs rest, but it cannot flourish until it has so become part of our life as to get its growth from within.

The CHAIRMAN. But, as I have said, the question is only one as to the length of time necessary to acquaint them with the processes which at first are necessarily novel and difficult to them. Take, for instance, the thousand little inventions, such as "Yankee notions," that are produced out of steel. What is to prevent the English, for instance, from doing just what we have been doing?

Mr. COFFIN. There is nothing to prevent them, but there are conditions which give this country the pre-eminence: First, there are our physical conditions. For instance, in the matter of coal, we find it in this country widely distributed, and by that means we are enabled to start manufactories all over the continent. It lies convenient of access for that purpose.

The CHAIRMAN. Are we any more fortunately situated in that respect as compared with England?

Mr. COFFIN. Yes, sir. We do not have to raise it from so low a level; we can produce our coal cheaper.

The CHAIRMAN. That depends upon where you go to procure your coal.

Mr. COFFIN. From some mines we can procure it cheaper; in the mines around Chattanooga, for instance.

The CHAIRMAN. There you get the bituminous coal at a low price; but that is very far in the interior; and, in point of convenience of access to the seaboard, I do not see what advantage it has over the Welsh coals, which are produced as cheaply as any coal in America.

Mr. COFFIN. Then we have exhaustless quantities of iron; but I will not enter into that matter. I will take cotton as better illustrating the point. To-day, I suppose, about 2 per cent. of the cotton lands of the country are under cultivation. By the report of the commission of Parliament, made, I think, in 1873 (and which is found in the Parliamentary reports), the statement is made, in regard to the cotton supply, that at least 60 per cent. of the raw material of Great Britain must ever come from the United States. Last year the amount was 67 per cent., and the yearly aggregate has been constantly increasing. It has been shown by our manufacturers that it costs about five dollars to take a bale of cotton from a cotton-field in the South and place it in England. I look forward to the time when, in the South as well as in New England, there will be a large development of cotton manufactures, especially of the coarser qualities of the goods and cotton-yarn. Of those who buy cotton cloths, the average in the market of the world to-day is about twenty yards for an individual.

The CHAIRMAN. For the whole world?

Mr. COFFIN. That is the average among those who purchase; about twenty yards per annum would be required for each individual. It is stated that not more than five hundred million of the people on the globe are now using machine-made cotton. Those engaged in manufacturing confidently expect that the time is not far distant when at least one thousand millions will use cotton cloth in some form. There is no other fiber that can compare with it in cheapness. The consumption increases both in civilized and uncivilized lands. England now has nearly all the foreign trade in her hands.

The exports of cotton manufactures in 1876 were as follows:

			Value.
Yarns and twist	Pounds..	232, 254, 627	£12, 781, 733
Piece goods	Yards..	2, 667, 423, 176	157, 271, 400
Printed goods	Yards..	990, 147, 278	92, 272, 310
Cotton thread	Pounds..	9, 635, 363	1, 763, 586
Cotton stockings	Doz. pairs..	1, 105, 666	364, 054
Mixed goods, chiefly cotton	Yards..	11, 833, 900	429, 405

In contrast, our own export was equivalent to only about 76,000,000 yards.

It is a well-known fact that American cotton goods are superior in their make to the English; that English manufacturers are using American trade-marks; that English manufacturers have carried "sizing," to an extent which has become prejudicial; that their excuse is that they cannot compete with American manufacturers in the making of substantial goods. It seems to me morally certain that we shall take a portion of the present trade of England from her hands, and that we shall secure our fair share of the increase.

On the other side of the globe, in China and the other countries, there is a population variously estimated at from two hundred and fifty to four hundred and fifty millions. Before the war in 1860, for instance, our exports to China were about four million yards. England sent out to China in the same year about thirty-three thousand pieces of goods (the number of yards has not been stated), and our export was larger than that of England. The war swept that trade entirely away. Last year we sent out to China eleven millions of yards and England sent out three hundred and seventy-eight millions of yards. That is the beginning of a volume of consumption which has yet to develop itself in China. That is a trade which it is possible for the American manufacturer to obtain wholly.

The CHAIRMAN. Do you know the rate of wages for workingmen in China?

Mr. COFFIN. I have not the data, but I know it is very low. I know from personal observation that a very large number of people procure but a bare existence.

The CHAIRMAN was understood to remark that on the plains in China the rate (measured by the money of the United States) was a little over two cents a day. [To Mr. Coffin.] Do you know anything about the facility with which the Chinese workmen learn to do anything that our people do?

Mr. COFFIN. Yes, sir. They are exceedingly imitative.

The CHAIRMAN. Do you not foresee that when the demand of the Chinese for cotton goods has been largely increased they will utilize their facilities for the manufacture of cotton?

Mr. COFFIN. I do not.

The CHAIRMAN. Why not?

Mr. COFFIN. Because they have not the land for the purpose.

The CHAIRMAN. What would be the cost of freight to China on a bale of cotton goods?

Mr. COFFIN. I do not know that the freight on a bale of cotton would be much less than that upon an equal weight of cotton goods.

The CHAIRMAN. Suppose, then, that when we were about to send them our goods the Chinese would say, "We will not take the goods; we will take the cotton itself"; would not the result be that they would take the cotton and make the goods for less money than they would pay to get the cotton?

Mr. COFFIN. I do not think that capital would ever go to China to make Chinese manufactures.

The CHAIRMAN. Will not capital go where it can make the most money?

Mr. COFFIN. I admit that it will go where it can make the most money and get it home safely.

The CHAIRMAN here remarked that in a letter recently received by a friend of his from Mr. Hague, the geologist, now engaged in China in surveying, the statement was made by that gentleman that he had found on the banks of a navigable river a bed of coal and iron ore of the very best quality, where labor was abundant at two cents a day, where the people are a strong, stalwart race, capable of doing good work, and that there was no difficulty whatever in producing pig-iron at four dollars a ton in our money. Under these circumstances he (the Chairman) was more apprehensive of danger than sanguine of any possibility of good to us from the demand that was likely to come from the direction indicated; for when the market in China was once opened we would be confronted with four hundred millions of people who could live at a cost of one-tenth of that paid by our own people, and who were quite as capable and intelligent as our own. We saw there a race of people who had learned to live upon so much less and learned to do so much more, comparatively with our own people, and where all the conditions for the manufacture of raw material were as favorable or more favorable than they were in any other place in the world.

Mr. COFFIN. That is, of the raw material on hand.

The CHAIRMAN. No; but of the raw material that may be imported. The difference in freight is so small that a bale of cotton could go, I believe, at as low a rate as could a bale of goods; and if that is the case, there is nothing to prevent the Chinese from working up the raw material which they have purchased from you and competing with you in the sale of your domestic manufactures.

Mr. JONES. Nevertheless, Mr. Chairman, we would get the value of the bale of cotton.

Mr. RICE. You will sell the cotton, but we will not make the cloth.

Mr. JONES. Then so far as the interests of the South alone are concerned we would be benefited in securing a new market for our cotton.

The CHAIRMAN. Of course you of the South would not be injured, but I want to know where we, who make the cloth, are to come out.

Mr. COFFIN. I think it will be a long time before we are called upon to compete with the Chinese in cotton manufactures. They are imitative, but not progressive.

The CHAIRMAN. It may be a long time coming, but it may come.

Mr. COFFIN. There is one element in connection with the subject of progress in China to which I would like to allude here. The Chinese religion is a barrier to progress. You go to China and you find it a vast graveyard. The resting places of the dead in that country are kept with reverential care. The people worship their ancestors, and they entertain the belief that their ancestors in the spirit world need the same things there that they needed when they were in this world. You will find, as you go along the streets, day by day, baskets hung out on the fronts of the houses as receptacles in which the people place their offerings for the benefit of the departed. They fashion their gifts after such patterns as will be most likely to indicate the particular employment which was followed by the departed in this life. They are made of paper, and may be a boat, may be a hoe, or any other implement; may be an article of clothing. These offerings are finally all gathered together and burned, and the popular belief is, of course, that with the burning they go into the spirit-world and the spirits have the benefit of them. Then, again, a Chinaman, before sitting down to his table to dinner, takes his food into the ancestral hall (in which tablets are arranged around in commemoration of his ancestors), and there he offers his prayers, burns his joss-sticks, and implores his ancestors to partake of the food. He believes that if he neglects any of these devotions his ancestors will punish him through reverses in his business or in other ways. My own belief is that so long as China in its religion is wedded to these superstitions, it will make but little progress in the way of adapting itself to modern improvements. I remember that when I was in that country, on one occasion, I went with a gentleman through the city of Shanghai, and that when we came to the north gate we passed through and came to a wall built almost directly across the highway. We were obliged to pass around and get behind this wall in order to proceed. I asked my companion what was the meaning of that wall, supposing it was intended for a defense, though it was very curiously constructed. He explained that the wall was the Fung Shuey (the meaning of which is good and bad influences), and that it was erected to prevent the bad spirits coming from the north from going any farther. It was popularly supposed that those bad spirits always came from the north, and that they

always came in a straight line; that they could not turn at a right angle, and that therefore this wall stopped their farther progress. He informed me that almost the entire litigation arising in China was because of this Fung Shuey. If a man built a house which would keep out from his neighbor the good influences which came from the south, or which would admit the bad influences coming from the north, his neighbor would go to law about it. That is the reason why the telegraph line was cut down between Woosung and Shanghai; it interfered with the Fung Shuey. The reason why the railroads cannot come in there is because it is supposed that their influence disturbs the graves of the dead, and that the effect of their introduction will be to bring disaster, trouble, and sickness to the whole country. My friend informed me that the opposition to railroads was predicated upon the belief that they would disturb the entire religious sentiment of the empire.

The CHAIRMAN. Suppose, Mr. Coffin, you were carried back to the middle ages in Europe (which have been appropriately called "the dark ages"), when there was but one church—you know what the influence of the church is supposed to have been—when all progress is supposed to have ceased for a thousand years. Is there anything in the tone of the Chinese polity that is any more repressive of progressive influences than was the domination of the church then?

Mr. COFFIN. It is not merely the Chinese polity; it is the character of the Chinese people. They are more cultivated, more cizilized in a material sense, than the western Europeans of A. D. 1000; but they have not that spirit which led to the crusades and which covered the land with cathedrals. The church repressed an active spirit which finally overcame it. In China the obstacle to progress is in the people and not in the government. But if we have two hundred to look forward to, that is enough. I can hardly compare the two epochs and people enough to give a precise opinion.

The CHAIRMAN. Yet it is a matter upon which we may readily base an opinion. Why may not a new era in religion be introduced into China with the new forces that accompany such modern appliances as railroads and telegraphs? To a man looking back from the standpoint of to-day, the prospect would certainly appear a very hopeless one that Europe would ever emerge from the obscurity of the middle ages; yet the world has come out of it very bravely.

Mr. COFFIN. I suppose that China will, eventually, come out of her religious darkness, but I do not expect to see it in my own lifetime.

The CHAIRMAN. A lifetime is comparatively a short period. Of course we are all looking ahead to the prospect of such a result. I agree with you that this country will get rid of her present difficulties at an early date. There is more labor unoccupied to-day than there was when the panic came upon us, but its presence is not so apparent, because the country has grown, and the necessities which are incidental to its expansion have given employment to additional labor; consequently, there is not so large a surplus of unemployed labor as there was at that time. The difficulty is but a temporary one; but, in looking ahead, I appreciate the fact that all the world has yet to face this fact, that population will finally grow up to the limit of the means of subsistence. That is the tendency. The reasons presented to this committee by the reformers, the gentlemen who have presented grievances here, are that there has not been a proper distribution of the fruits of human industry; that some men can get too much and others, quite as deserving, get none at all. That is the problem which they present to us. If you can throw any light upon that, as you have reached the end of your lucid statement, you will be conferring a benefit upon the committee, and upon the country as well, and we would be glad to hear any suggestions that may occur to you at this time on that point.

Mr. COFFIN. The condition that you have indicated has always been the condition of the human race. There always have been rich people and poor people, and there always will be. Some men can make money and some cannot. All who have the ability to earn have not the ability to accumulate. It is a question of natural condition. No legislative action ever will change those conditions. When the Saviour of the world said "the poor ye have with you always, and when ye will ye may do them good," he uttered an eternal truth. I do not see how there can ever be a complete solution of the question. I mean by that, I do not see how it is possible for society to exist without a difference in condition, but I fully believe that as the years roll on wealth will be more generally diffused, that the poor will be better cared for and will have more of the comforts of life. I think that I have shown that the tendency of the new civilization is in that direction. The moral and Christian sentiment of the world lead in that direction, but Christian and moral sentiment cannot set aside the physical conditions under which the Almighty has created human beings, nor the physical laws with which he has surrounded them. Many things can be done to reduce poverty to a minimum. Education may be an aid; so may charity, temperance, and legislative enactment; but all of them never will absolutely abolish poverty from the world, for there are conditions and influences beyond the control of all these ameliorative agencies that will make some men rich and others poor.

The CHAIRMAN. Suppose that when monopolies tend to give those who control them

a larger price than they would otherwise be able to get, legislation, you say, cannot alter that. If we have a monopoly in any form disguised in our legislation, ought we not to eradicate it at once?

Mr. COFFIN. That is another and quite a different point. It is the duty of the legislator to protect every man in his rights, to see that no man who may hold a monopoly shall have the power to oppress you or any other man in his natural rights.

The CHAIRMAN. Yes; but that is only groping in the dark after all. What is law and legislation but the restriction of people in what may be called their natural rights? The natural rights of one man interfere with the natural rights of another man. Mr. Rice and I may go into and settle upon some unoccupied territory, and each may lay claim to a particular tract that is more desirable than any other tract because of the presence of water or something else. We get to fighting about our claim, and the law steps in or society steps in and establishes a rule by which his natural right and my natural right are subordinated to some general law. Therefore, when you say that no man can interfere with your natural rights, I answer that every man can interfere with your natural rights under the law.

Mr. COFFIN. Take the case of the railroads, for instance.

The CHAIRMAN. We will take the case of the railroads as you suggest. The allegation is that by legislation we have conferred large quantities of land upon railroad companies; that they have monopolized these lands and excluded settlements which would otherwise have been made upon them by holding the land at high prices; that what they have done is hostile to the natural rights of man; that this legislation is so vicious that we ought to repeal it; and that if they (the railroad companies) have acquired any rights under it they ought to be more specifically defined. On the other hand, if this legislation had not been passed, and this land conferred as it was, we should still have had this vast amount of land tied up in its unimproved and comparatively worthless state, as it was before. What would you do in that case?

Mr. COFFIN. There is another side to the question as you have stated it. There is a vast amount of land in this country, which, if those railroads had not been constructed, would not have been settled to-day. Take the Northern Pacific, for instance. I was one of a party who traversed the line of that road before a shovelful of earth had been thrown up. At that time there were not fifty individuals to be found along the whole proposed route, and the land was in exactly the condition in which nature left it. The men who built that road have increased the value of that land to the government to $2.50 per acre, and the government has received, I think, from the land offices along the line of that road nearly three millions of dollars. It was utterly worthless prior to the time when the projectors of that road, by their own individual enterprise and the use of their money, carried it forward to its present stage of completion. The question presents itself to us whether these men who are regarded to-day as monopolists and land-grabbers are not really benefactors. They have given value to the land; they have given homes to more than fifty thousand people who live along the line of that road to-day; and they sent over to Europe during the past year over five million bushels of grain which would not have been produced but for the enterprise of the men who built the road. They have lost their capital, while the public has been greatly benefited. They are denounced as land-grabbers, whereas in fact they have opened a vast section to settlement and added millions to the national wealth. Instead of excluding settlements they have invited settlers. It is not true that they hold lands at high rates. Sales of the land-grant roads average between four and five dollars per acre, which certainly is not a high rate.

The CHAIRMAN. Yes; that is the argument of the men who have built up some of our great public works, and is applied with reference to the operation of the tariff. We are met on the other side by crowds of people who say to us that "With all your protection, all your land grants, we are in a wretched plight; before you did this everybody was comfortable, now we are suffering; you do not give us any consolation by telling us that somebody else is better off than he ought to be." What are you going to do in the case of those people?

Mr. COFFIN. I do not think that I will take up the questions of tariff and free trade, but I would say to these people that they are not any worse off than they have been at other periods of commercial depression; that such periods will occur in the future as they have in the past; that they are incident to civilization; that legislative action never will be able to wholly prevent their occurrence; that the legislative action that they ask for would give no permanent relief.

There are two or three points to which I have not alluded, but I will do so now as they touch upon the point which you have just suggested. I refer to disturbing elements. The production of gold and silver in this country since 1849 amounts to $4,500,000,000. That has been one disturbing element.

The CHAIRMAN. Do you mean as a benefit or an injury?

Mr. COFFIN. I am not prepared to make any remark upon that, only that it has been a disturbing element.

The CHAIRMAN. You call it a "disturbing element," but I ask you has the effect of its disturbance been for good or for evil?

Mr. COFFIN. It has disturbed values; it has had both a beneficial and an injurious effect upon them.

The CHAIRMAN. Its effect would be to enhance values, would it not?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. Yet you have been endeavoring to prove to us all along that values are falling off?

Mr. COFFIN. Not quite, sir. Certain particular values have fallen off, because the cost of production has diminished, or because certain things have gone out of use. But wealth has accumulated. Labor has a higher value and will bring more comforts than a hundred years ago. But I have not yet shown the applicability of this point in connection with my previous argument. I was going to remark that when I visited India a few years ago, I found that the cost of living was greater than it had been; and it is greater to-day than then. The same is true of China. Then the next consideration is that this great increase of the precious metals has been productive of speculation. The speculation in mining stocks which is going on to-day, on the Pacific coast, is the cause of a great deal of distress. The disturbing element manifests itself especially in that direction.

The Suez Canal is another disturbing element. Free labor is another. The amount of capital invested in the South before the war for raising one hundred bales of cotton was as great as that which is to-day invested for the raising of one thousand bales.

The CHAIRMAN. There never was in reality any capital in the slave; the war left the laborer in the South just where he was, and his master who thought that he had capital in his slave, found that he had never had any capital.

Mr. COFFIN. Then the petroleum product was another disturbing element. These brought on inflation. The war and the issue of paper money also came in as disturbing elements. Now, it is not probable that these same elements or anything like them will come in to disturb us in our immediate future. Therefore, I say that I look for a remarkable degree of prosperity in this country. I do not see how it is possible for the country the next twenty-five or fifty years to be disturbed by any causes such as those I have enumerated.

The CHAIRMAN. You think, then, that in a normal condition of things the distribution of labor and capital becomes well settled and will be harmoniously adjusted; that in the near future everything will go on smoothly and in proper relation, the one to the other, this being what you call a prosperous condition of the community?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. And that when a disturbing element enters in dislocation ensues, which while it makes some people rich makes others poor?

Mr. COFFIN. That is the inevitable result.

The CHAIRMAN. Could not legislation contribute greatly to remove these disturbing causes?

Mr. COFFIN. I think so.

The CHAIRMAN. Could not legislation contribute to prevent these disturbing causes?

Mr. COFFIN. I think not to prevent them.

The CHAIRMAN. I admit that legislation cannot wholly prevent them, but can it not accomplish that object in some degree?

Mr. COFFIN. Unquestionably; but it is a question which requires the highest statesmanship. I do not think that commercial distress in the future will be avoided by the adoption of any of the theories or plans that have been presented to this committee, so far as I understand them.

The CHAIRMAN. One point of your testimony has been the proof that there has been an enormous increase in the productive power of the world within the last century; and you have shown it to be something so vast as to be simply fabulous. The world has been living after its fashion, and, as you have shown, has been growing in population at a moderate pace, while the increase of production has been enormous and very much out of proportion to the increase of population. What do you suppose has become of all this vast increase in the material wealth of the world—who has got it, where has it gone?

Mr. COFFIN. Much has been destroyed. It has been more widely diffused; but allow me to state some of the questions that arise in the course of industrial progress, and tend to and relate to increase of production for each day's labor. As regards the man there are four kinds of progress. He may accomplish more in a day than formerly, because he has become intrinsically a more capable man; more intelligent in the use of his brains; more rapid in the use of his hands, making no false motions and causing every stroke to tell; or more industrious. Or he may accomplish more because the material conditions under which he works make his labor more productive; *i. e.*, many men are brought together under one head; they are better organized; their work is laid out for them, so that no time is lost; they become an organized army instead of an undisciplined mob. In the third place the material he works upon or the tools he works with may

be so improved that he can accomplish more in a day; and these tools may be hand-tools, as the plane, the saw, the center bit, the steel shovel, or hoe, or pitchfork, or scythe, or cradle, or plow, as compared with the rude stone implements and the crooked stick of the primitive man; or, fourth, they may be machine tools or machines, broadly (though not for all purposes precisely) distinguished from tools by the fact that the power, instead of being furnished by the hand that guides, is supplied from some other source, which may be a treadle or crank, and may be a steam-engine or water-wheel. (*E. g.*, the old blacksmith gave power to his hammer by his arm and directed his arm by his will. It is hardly a figure of speech to say of the Nasmyth steam-hammer that the boiler supplies the power and the hand of the engineer, raised one step in the scale, becomes itself the intelligence which controls.) The popular mind makes a distinction between those improvements of the three first kinds, which better utilize the muscular force of man, and those improvements of the fourth kind (including discoveries in chemistry and physics), by which the forces of nature are utilized. But for the purposes of this inquiry the distinction cannot be made, because greater intelligence, more skillful organizations of labor, and better tools are the result of or form part of the mental progress of civilization as much as the invention of machinery does; and it is probable that their results in greater product from a day's labor have been larger than the results from the use of machinery in the modern sense of the word. And although the phrase "labor-saving" is popularly applied to machinery alone it belongs equally to all four lines of progress. If the welfare of the community requires that all progress shall be stopped which will enable the worker to produce more to-morrow than he did yesterday, or enable a given product to be obtained by less labor, then progress not only on the fourth line, but equally on all must be forbidden. Civilization would not do this if it could, for it will not destroy itself; with man to stop is to rust, to recede. It could not if it would, for the mind of society cannot tie itself up in inaction; and if it once did it, it could not long stay in fetters of which itself kept the key. Since this tendency certainly cannot be (and I am sure that it ought not to be) repressed, let us see what questions arise in its progress.

During the last thousand years the production in the industrial arts in civilized countries has increased vastly faster than the population. The comforts and conveniences of life have vastly increased. In other words, each household has more and better material things to use and to consume than it had formerly; the increase in consumption has kept pace with the increase of production. I mean taking it in the long run. This is quite different from the question of increase of wealth. The large manufacturer of to-day may not grow rich—may not accumulate—any faster than the master workman of five hundred years ago. The laborer, at the end of his career to-day may have laid up nothing, but it is a good deal that during his life he has lived in a wooden house with a carpet and decent furniture produced by the manufacturer instead of in a hovel with a dirt floor and logs to sit on. This increased production he has consumed. He has not destroyed it as a fire destroys; he has worn it out in enjoying it, and this is the fate of most things that are produced for the use of man. Increased consumption and production is therefore intrinsically a public benefit, even where the producer grows no richer. This is seldom denied. The outcry sometimes made against increased production refers to a production in excess of the consumption. This trouble does not come (necessarily) because production grows, but because consumption does not; and an increase in the latter is as legitimate a way of meeting the difficulty as a diminution of the former; more legitimate and more natural because it is in the direction of the invariable and irresistible progress of mankind and not in opposition to it; and improvements in society must take place along a natural line of progress and not contrary to the logic of events.

At any given time there are two methods of increasing production. One is to duplicate the producing establishments, making no change in their character; they will manufacture more, but at the same cost per piece. The other is, by some of the means already described to increase the production from a given number of operatives. The first has the apparent advantage of employing more labor, but is only an apparent advantage, for if the increase exceeds the natural growth of population and wealth, *i. e.*, if it increases faster than the number and means of the consumers, there will be failures, stoppages, and hands thrown out of employment. Historically this has been the case at the periods of great industrial depression. The high price of iron and consequent profits eight years ago led many men independently to put up new works, and when one found himself just ready to supply the unsatisfied demand, he discovered a dozen others equally ready, and this meant disaster for all, and the operatives just drawn to this industry were thrown out of work. And so with other branches. So with railroads. The impetus of apparent or real great demand showing itself in great profits carried the pendulum too far.

The other method is to increase the production of an establishment of a given size and given number of operatives by improvements in organization or machinery. This means larger production at the same cost for the total and a smaller cost per piece, *i. e.*, it means a cheaper product. Now a cheaper product always means a larger consump-

tion; partly because people will spend at least as much as they can afford, and if things are cheaper will buy more of the same kind, or with the surplus money will buy other things; it is not desire nor inability to find something desired which limits expenditure with mankind, but want of means. More than this, the cheaper a thing becomes the larger the circle of possible and therefore certain purchasers and consumers, and wants grow by indulgence. The tendency of this kind of increase in production therefore is, of itself, to increase the consumption which will support it and will maintain it. The improvements which lead to this increase do not, either in theory or in fact (the illustrations have been given at length already), tend to diminish the total cost of production, but only the cost per piece. The cost of transportation required by a population of 100,000 souls is to-day tenfold what it was 100 years ago. The railroad from New York to Washington costs for its construction and for its daily operation many times as much as the stage-team of fifty years since. But it will do much more work, *i. e.*, is so much more productive, that the cost of each passenger or ton of freight hauled one mile has amazingly diminished. Almost every railroad that is started occupies a field where the existing work of transportation would not pay the increased expense of the new method, but it is projected upon the theory that the diminished cost per piece, so to speak, will increase the demand so as not only to compensate for that diminution in cost, but to far increase it; will lead the inhabitants not only to spend as much but a great deal more in transportation than before.

So much for the effect of improvements in existing industries. But besides that the same disposition to invent and improve leads to new industries. Sometimes strictly new industries, as in the case of printing, vulcanized rubber, photography, telegraphy, gas-making, steam transportation, and a host of other things; sometimes virtually new industries are made commercially practicable by a reduction in cost of some necessary thing or process. Many branches of trade and business to-day would be impossible without steam transportation and telegraphs. The habits and powers of business men have been greatly modified by the sleeping-car. The Bessemer process for making steel not only employs, certainly in this country, far more men than the old process, but it has made possible many things which the old process forbade from the high cost. The steel rails have cheapened transportation. And the engineers say that a little more reduction in the cost of production will make it available for ship-building.

The fallacy of those who object to improvements in labor-saving machinery and processes lies in the false assumption that as many articles would be made by the old and expensive method as by the new and cheap one. This is absolutely untrue in theory and in fact.

One other point. The concentration of manufacturing operatives in large towns is not the result of the invention of power-driven machinery, but long preceded it. Five hundred years ago Florence was a city of artisans. In Queen Elizabeth's time certain industries were concentrated in certain localities. Forty years ago, when hosiery was made on hand frames in the workmen's homes, it came from a few towns. Philadelphia was long full of hand looms worked at home. On the other hand, New England was dotted all over with little industries wherever a village waterfall furnished power. The moment industry got beyond the supply of a purely local demand, such as supports the village blacksmith, it became concentrated in large centers, where one master employed many journeymen or piece-workers, and the product passed through the hands of the merchant and the avenues of commerce before it reached the consumer. The distinction between the village industry, where the man was half artisan, half agriculturist, and could support himself tilling the soil when his trade was dull, and the urban life where the man must find work in his trade or suffer, preceded the use of power-driven machinery. This, however, increased the concentration of operatives and of production in a particular locality. It also gave rise to the factory system, properly so-called, *i. e.*, the collection of the work-people in one building, instead of having them work at home on piece-work; but the effects of that system belong to a different inquiry.

Now the moment that production in one town exceeded the consumption of that town, agencies for its distribution must be set up. When increased production calls for or is intended to lead to increased consumption, there must be means for taking the products from the factory and offering them for sale to the ultimate consumer. The merchant and the carrier must come in. Commerce must be equal to the increased work put upon it, for if it is not, the whole fabric breaks down and the product is not consumed. Whether the merchant has grown in his ability to do this as much as the manufacturer has improved in his art, and what means should be taken to improve him, are foreign to this inquiry; the work of the mechanic and the manufacturer stops with the production, but it is a striking commentary on the inefficiency of the merchants of this country that in many trades the manufacturers have been forced to become their own distributors to the local retail stores.

The suffering among the manufacturing population of England during the thirty years which followed the introduction of power-driven machinery, say from 1785 to 1815, was due largely to the failure of the merchants to reach consumers with the

product of the factories. Consider the enormous increase of goods to be distributed; canals were not; railroads did not come till 1830; steam ocean navigation ten or fifteen years later. Commerce was paralyzed by the material obstacles of blockades, orders in council, Berlin decrees; still more perhaps by the wars or rumors of wars which, during nearly all that period, checked the business of interchanging commodities, while a curious system of legislation did its best to prevent a supply of food from reaching those workmen whose occupations or mode of life made it impossible for them to till the soil. But as these obstacles began to disappear, England, with a vastly increasing production, entered upon a career of unexampled prosperity, because her merchants were equal to her manufacturers.

The factory system, properly so-called—that is, the system of aggregating large numbers of operatives in one building under one control—has unquestionably in England at least required legislation to enable or compel the masters and the workmen to conform to what the welfare of society under this system required. But it is one of its chief merits that it brings the workmen under such organization that public opinion and legislators can be informed about their conditions and can act upon them and improve them. Reforms in ventilation, hours of work, labor, and schooling of children, which could not be enforced against operatives doing piece-work at home, can be enforced in a factory, and the necessary discipline of a large establishment requires more regular habits of the workman.

Let me add one more remark about the factory system. It enables less skillful labor to be used under more intelligent oversight. The practised hand is less important than the quick brain. The number of foremen in proportion to the number of operatives constantly increases. The financial view of education is beginning to be felt: And it is not the apprentice system but the technical schools that will furnish the supply of overlookers. I think I see an improving tendency in this direction.

The CHAIRMAN. You think that the great mass of mankind is much better off now than they were, and that that is the way in which the increased production has been used up, in making mankind more comfortable, prosperous, and happy?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. Do you think that if the ownership of very large masses of this increased wealth was in a few hands, that fact would in any degree invalidate the proposition which you now lay down that the great mass have been made more comfortable?

Mr. COFFIN. I think that it would.

The CHAIRMAN. Do you think that if this great increase of wealth were nominally owned by one single individual—a great king or emperor, or call him by whatever name you like—if he had the ownership of the whole of it, it would materially affect the comfort and enjoyment which the great mass of the people derive from it?

Mr. COFFIN. I think it would diminish it very much.

The CHAIRMAN. What could he do with it?

Mr. COFFIN. I do not know what he could do with it, but I do not think that his monopoly of it could contribute to the universal happiness of free beings. All history shows that it could not. In a free society the laws imposing restraint should be as few as possible consistent with the general welfare of men. The question which you have put is an abstract question, and it is not likely to call for any practical solution in this country.

The CHAIRMAN. Would you restrain men in the acquisition of property.

Mr. COFFIN. No, sir.

The CHAIRMAN. Then if you do not restrain the acquisition of property, would you do anything to prevent one man from acquiring a very large proportion of it, as many men have done?

Mr. COFFIN. No, sir.

The CHAIRMAN. But you think it is injurious to have that condition of things existing?

Mr. COFFIN. I think that, in consequence of it, the condition of society would not be so good as if it were very widely diffused.

The CHAIRMAN. If it is bad for society, why would you not restrain it?

Mr. COFFIN. Because I do not think it would be best for society to interfere.

The CHAIRMAN. Is not society formed for that very object? Is it not declared in the Constitution of the United States that the government is formed in order to "promote the general welfare," &c.?

Mr. COFFIN. Ours being a government of the people, the people can pass what laws they please to promote the general welfare; but it is manifest that the general welfare can only be promoted by wise laws. For one, I do not think such a law would be wise, neither that it would commend itself to the general judgment.

The CHAIRMAN. There is a point which I would recommend some intelligent man like yourself to consider, viz: whether, after all, it is not the function of society to introduce limitations upon the acquisition of wealth. There is no process by which any one man could have contributed to society one hundred millions of dollars, and yet

we have numbers of men who own that amount of value. In a case such as that, when a man has obtained a great deal of wealth, and never did anything to obtain it, will you do anything to prevent it?

Mr. COFFIN. Your question opens a very broad field. It is a question which confronts England to-day; whether with her acreage under cultivation diminishing from year to year, the Duke of Devonshire and others of the landed aristocracy shall be allowed to go on and keep their game preserves. Behind that question lies another, as to what shall be the limit of ownership in land; and behind that still another which the communist raises, whether a man shall have any individual ownership in land, or in anything else? When our fathers framed the Constitution they excluded primogeniture, rightly seeing that with such exclusion there could be no long-continued inheritance of large areas of land. As a practical question I do not think that we shall be called upon to grapple with it in this country.

The CHAIRMAN. In France you are aware they overturned the whole landed system by revolution. Suppose that Mr. Vanderbilt and other rich men like him would club together and make themselves proprietors of the State of New Jersey. Do you think that society would be justified in preventing them?

Mr. COFFIN. Your question takes us back to the beginning of things, and the first point to settle is the original ownership. The first title-deed is found recorded Genesis, chapter 1, verse 28, direct from the Almighty: "Be fruitful, and multiply, and replenish the earth, and subdue it." Subjugation is the title to ownership. Labor upon the land is the only ground of ownership. To begin with, every man owns himself and all that he produces by the exertion of his powers. It is the fundamental condition of existence. When he employs his power upon any material substance all that he adds to it is his. It is a natural right which society cannot interfere with. The earth was made for man; from it he obtains subsistence just in proportion as he employs his powers. This whole presentation that I have given is based on the exceeding richness of nature. Land in its natural state does not supply man's wants. It must be "subdued." True, in the tropics it produces food-bearing trees, and it provides sustenance for game, but nothing more. When our fathers came to this country they found it a wilderness filled with game, and Indians that existed by living on the game. Did the Indian own the land? He was in possession, but was his possessory title valid? Certainly not, for he had done nothing to "subdue" the land except here and there to scratch the soil. In no sense had he subdued it. Until labor has been applied to land it is utterly useless to the human race. There are millions of acres of unoccupied land, rich and fertile, in this country to-day capable of producing twenty to thirty bushels of wheat to the acre in the possession of the government, which is only another term for the people; and the government, recognizing the fundamental law that labor upon land is the true and only title to ownership, says to every individual go and occupy eighty or one hundred and sixty acres of that land for five years, and you shall have a title secured to you and your children forever. Or if you will pay $1.25 per acre you shall have it. Labor, occupancy, gives the right of ownership. Government has not said that a man shall not purchase more, only that he shall not occupy more without paying for it. Shall he be limited in his acreage by purchase? If so, what shall be the limit? Shall it be one hundred and sixty acres or one acre, or a quarter of an acre? The right to limit at all implies the right to limit to a square rod or less.

That brings us to the demand of one class of socialists who maintain that there shall be no individual ownership in land, a question that is hardly worth while for me to enter upon in this connection; which so far as the subject-matter I had in view at the outset can only be speculative.

I think it is clear that under our industrial progress wealth does not accumulate in a few hands, as it did under the Roman Empire, or in the middle ages, or before Arkwright and Watt began to use the forces of nature for the benefit of man. There certainly is more chance for change in condition now for the mass of the people than there has been at any former period of the world's history. We have only to compare the past with the present to find unmistakable evidence on that point. It is easier for men now to change their lot in life than in any age. Why? I think I have shown conclusively that it is because we are using the forces of nature instead of our own muscles. It is incumbent upon those who say that machinery throws men out of employment to show the contrary.

Whenever I survey the past and contrast it with the present; whenever I recall the social condition of former times; the want, the squalor, the limited employments, the unchangeableness of situation, the few opportunities for advancement, in contrast with the present enjoyments, the diffused wealth, the varied occupations, the progress of the people, I can arrive at only one conclusion, that the physical, moral, and spiritual forces together are lifting us in the scale of being to a civilization immeasurably higher and nobler than the present.

Allow me, Mr. Chairman, in conclusion, to express my thanks to the committee for their kind consideration.

WASHINGTON, D. C., *January* 22, 1879.

VIEWS OF MR. JOSEPH D. WEEKS.

Mr. Joseph D. Weeks appeared before the committee in response to its invitation, and in reply to preliminary questions by the chairman, stated that he resides at Pittsburg, Pa.; that he is an American citizen; that he is associate editor of the *Iron Age*, and secretary of the Western Iron Association and of the Western Nail Association, both being associations of manufacturers.

The CHAIRMAN. Have you had occasion in your professional studies, or in consequence of your official position in connection with those bodies, to make an examination of the relations between capital and labor?

Mr. WEEKS. Yes.

The CHAIRMAN. And in regard to the disputes which take place between them—have you of late or at any time examined the subject?

Mr. WEEKS. Yes. At the time of the strike in Pittsburg in 1874–'75, and several times since, I, as secretary of the Iron Association, have found it necessary to make certain investigations as to wages, &c. Also during the past summer, previous to my departure for Europe, I received a commission from Governor Hartranft, of Pennsylvania, to examine into the working of trade arbitrations in England and France. I investigated the subject, and have made a report of the same to him.

The CHAIRMAN. Are you prepared to give the committee any information as to the methods by which you think the disputes between employers and employed can be settled or their relations improved in any way?

Mr. WEEKS. My views are at present entirely in favor of arbitration and conciliation, and they have become so from the investigations which I made in England of the practical workings of arbitration and conciliation there.

The CHAIRMAN. Do you believe it possible to introduce arbitration into trade disputes in this country?

Mr. WEEKS. Before going abroad I did not understand the question, and without understanding it I did not think it possible to do so; but since then I have become thoroughly convinced that it is practicable in this country.

The CHAIRMAN. Is arbitration extending in England?

Mr. WEEKS. I hardly think it is at the present time, owing to the extreme depression in trade there. There seems to be trouble there to know what to do. But I think that in the trades where arbitration has been tried, it is still continued. I think that last week there was an arbitration in the north of England iron-trade, which has brought wages to a lower point than ever before in that district, or at least lower than at any time for twenty years.

The CHAIRMAN. Has the reduction been made by the board of arbitration?

Mr. WEEKS. Yes. Mr. Thomas Brassey, M. P., was the umpire.

The CHAIRMAN. Have the workmen submitted to the reduction?

Mr. WEEKS. Yes.

The CHAIRMAN. Do you know any case where the workmen ever refused to abide by the arbitration?

Mr. WEEKS. Yes, there have been a number of such cases, but I think that in proportion to the number of cases which have been arbitrated the cases where the workmen refused to abide by the result of the arbitration have been so very few as to be scarcely worth mentioning.

The CHAIRMAN. Still there have been such cases?

Mr. WEEKS. There have been such cases. There was one case in the north of England iron-trade in connection with a certain mill that was rolling rails. The board of arbitration gave an award against the men, and the men at those works refused to accept it. The employé members of the board used their utmost efforts to get the men to go to work, but they would not do so. A certain order had to be completed at a specified time or there would be a violation of a contract on the part of the establishment which might entail very large expense in the way of damages. The employé members of the board found it impossible to prevail on the men to go to work until long after that time had passed, and the board of arbitration paid the damages that were agreed upon—the men paying one-half and the manufacturers paying the other half.

The CHAIRMAN. That was a mere local rebellion in a single establishment, and was against the general judgment of the trade organization?

Mr. WEEKS. Yes; it was against the general judgment of the board of arbitration—men and "masters," too.

The CHAIRMAN. That was rebellion?

Mr. WEEKS. Yes.

The CHAIRMAN. But it does not invalidate the principle?

Mr. WEEKS. No, sir; I think that the north of England iron-trade is one of the bes examples that I know of the success of trade arbitration. You know something about the trade, and you know that it was a trade which was of very rapid growth, begin-

ning, I think, early in 1860. The trade in this district grew rapidly at the time when other districts were increasing until in ten years it had become the largest of any of the districts in England. It had to draw its labor from all sources; some of it came from other districts, some was picked up from the mines, some from among agricultural laborers, and some from among common Irish laborers who had to be brought in and taught the trade.

The result of course was that they had a body of men who had nothing in common, no cohesion, nothing to lead them to union, nothing to lead them to have that good feeling toward their employers which comes from long years of service. Strikes in that trade were of constant occurrence. In the winter of 1865–'66 there was both a strike and a lock-out, the lock-out lasting four months. From that time up to 1868–'69 there were constant reductions of wages made necessary by the condition of trade, and strikes and lock-outs were of constant occurrence—hardly a month passing in which there was not a strike in regard to wages or in regard to something connected with the trade. In March, 1869, iron began to advance in the market, and it was seen that there was going to be a good deal of trouble. Mr. David Davis, a large iron-master, suggested the formation of a board of arbitration something in accord with the plan adopted by Mr. A. J. Mundella, member of Parliament, in the hosiery trade, and in March, 1869, that board was established. It should be stated that Mr. John Kane, president of the Ironworkers' Association, had urged arbitration for years. From that time to this there has not been a general strike in that trade, although before that it was one of the worst trades for strikes in the whole of England. They have had a large number of arbitrations. The first arbitration awarded an advance of wages for puddling to eight shillings a ton of 2,400 pounds.

From 1869 to 1874 there was a constant advance of wages, until in 1874 the wages for puddling were thirteen shillings and three pence a ton, and other wages in proportion. Since 1874 there has been a constant decline, until in the arbitration of last week, I see by the telegraphic dispatches, the wages have been reduced to seven shillings a ton, which is equal to $1.56 on our ton of 2,240 pounds.

The CHAIRMAN. What are you paying in Pittsburg for that same work?

Mr. WEEKS. Five dollars a ton, and it is easier work in Pittsburg, because you know that to puddle our Pittsburg pig-iron is much easier than to puddle the north of England pig-iron.

The CHAIRMAN. Do you understand the conditions of trade at Pittsburg to be profitable or unprofitable at the present time?

Mr. WEEKS. I understand them to be unprofitable.

The CHAIRMAN. Do you mean that the manufacturers are losing money?

Mr. WEEKS. No, but I mean that if you take bar-iron as a basis, manufacturers are losing money. But the Pittsburg mills have certain specialties—some of them patent specialties—by which they are able (taking the whole thing through) to about clear themselves.

The CHAIRMAN. In other words, having the advantage of a monopoly of some products they are able to continue their works without loss?

Mr. WEEKS. Yes.

The CHAIRMAN. But if they had no monopoly they would be losing money in Pittsburg?

Mr. WEEKS. They cannot make bar-iron to-day without loss.

The CHAIRMAN. In order, therefore, to reduce the cost they would have to reduce wages?

The WEEKS. Yes.

The CHAIRMAN. Therefore monopoly is the friend of labor, is it?

Mr. WEEKS. Just at this time, and under these circumstances, it is. I may say in regard to Pittsburg, that the Pittsburg manufacturers are not at all satisfied with the wages paid certain classes of labor there. There is before Pittsburg and the West (for the Pittsburg prices govern all the rest) a most serious labor difficulty if these rates are not reduced.

The CHAIRMAN. In other words, if we were to abolish all these patents and make free trade in the patents, there would be a readjustment of wages?

Mr. WEEKS. I think you misunderstand me. All these things are not patents. They are specialties in the nature of rolls and rolling shapes—shapes for agricultural irons—for which there is so small a demand that it does not pay more than one or two mills to take them up.

The CHAIRMAN. Still there are patents which influence trade in Pittsburg?

Mr. WEEKS. Yes; there is one firm there which has a patent for making iron dripping-pans by which it consumes a portion of its sheet-iron. Then there are patents for wagon hardware which was formerly made by the blacksmiths. That trade is almost entirely taken from the blacksmiths by these mills rolling the iron into these shapes. Then there are cotton-ties; but these can be made by any hoop-mill. Pittsburg does not own these patents; they are held by the American Cotton-Tie Company,

which has its office in Saint Louis, and which asks bids from the hoop-iron companies and furnishes the ties itself.

To go back to this north of England iron-trade. I spoke of arbitration and conciliation. There is a decided difference between the two which I would express in this way: That arbitration is formal and conciliation informal. Most of the difficulties between capital and labor are settled by conciliation. I suppose that at least 90 per cent. of the difficulties that arise are settled by conciliation in this north of England iron-trade. The board is established in this way. Every establishment that becomes members of the board has a right to two members in the board, one of them being a workman and one of them an employer. This board elects a president, vice-president, and two secretaries. The president is generally a manufacturer, the vice-president an employé, and a secretary from each side, one of the secretaries being an operative and the other a manufacturer. These four with eight members of the board form what is known as a standing committee, who take cognizance of all cases in the first instance.

Mr. JONES. They do not organize that board as the emergency arises?

Mr. WEEKS. Not in the north of England trade, although they do organize arbitration boards for special cases in some districts and trades.

Mr. RICE. They are elected by those who enter into the arrangement?

Mr. WEEKS. Yes; the workmen of each establishment elect its own workman member, and the employers as a body the employer member.

Mr. RICE. Although there is no recognized legal action?

Mr. WEEKS. There are three laws on the English statute-books in reference to arbitration. One of them, I think, was passed in 1824, which is known as the master and workman act (5 George IV, cap. 96); one passed in 1867, which is known as Lord St. Leonard's act; and one in 1872, which is known as Mr. Mundella's act. So far as I have been able to find out, there never has been a case in which these acts have been used, arbitration in England being purely a voluntary thing in all its phases. It is voluntary in its submission, it is voluntary in its progress, and it is voluntary in the enforcement of its awards. The only power to force the men to abide by the awards is the individual sense of honor, or what Mr. Kettle so happily terms the "collective sense of honor"—the *esprit du corps* of the trades-union.

The CHAIRMAN. Then your conclusion is that the laws are not necessary and probably not desirable in order to bring about arbitration and conciliation?

Mr. WEEKS. That is my conclusion.

The CHAIRMAN. Did you ascertain whether there has been any change of feeling on the part of the employers within the last twenty or thirty years in regard to meeting their workmen for the purpose of conciliation?

Mr. WEEKS. Yes, there is an entire change in many trades. Parties who have studied the subject in England give a great deal of credit for this change to the formation of arbitration and conciliation boards. The representatives of the manufacturers and of the workmen meet as equals. They do not get now, as they used to, half of them on one side of a table or room and half on the other, antagonizing each other, but they now seat themselves promiscuously about the board. A good president, if he sees them beginning to separate, stops the separation.

Mr. JONES. They act judicially?

Mr. WEEKS. Except in the case of conciliation. In conciliation they have no power to give an award. The parties who act as conciliators simply act as friends of the family, as it were.

Mr. RICE. As advisers?

Mr. WEEKS. Yes, as advisers. Arbitration has not only brought about a better feeling between the two parties, and served to take away that idea of domination and of servitude which runs through English labor, but it has also given the men a better idea of the conditions and demands of the trade. The boards hold quarterly meetings, as a general thing. They sit there to take an oversight of the trade, and to get information as to the influences at work in the way of foreign or home competition and otherwise, and they ascertain the demands which the workmen have to concede in order to meet the cheap labor of Germany for instance. By this means the barrier of prejudice and suspicion is broken down, and the workmen become informed as to the needs of the trade, and what they have to do in order to meet the competition. The converse is of course true.

The CHAIRMAN. Do you consider that it would be of great advantage to the trade in Pittsburg if the workmen and the employers were to meet together in that way to talk over the conditions of trade?

Mr. WEEKS. I do.

The CHAIRMAN. Is there any difficulty in bringing it about?

Mr. WEEKS. I think that the prospect is very flattering that there will be such a board. Mr. Bishop, I understand, has been talking of the advisability, and Mr. B. F. Jones, our largest employer of labor there. I had a conference with him on Monday,

and I am to address the Chamber of Commerce on Saturday next, and I hope that out of this movement will come arbitration.

The CHAIRMAN. I have a letter from Mr. Edwards, in which he expresses most unqualified approbation of the plan of conciliation and arbitration, and a desire to help it in Pittsburg.

Mr. WEEKS. We had in Pittsburg generally a temporary conciliation board to settle wages, until 1875. Some time between 1860 and 1870 there was a sliding scale established there which worked up to 1875. There was a maximum and a minimum. In 1875 the minimum was reached. That was the point where bar iron was three cents a pound. The agreement when that scale was formed was that when iron reached there, the maximum or minimum, there should be a conference and the scale of prices readjusted. There was a conference held, but the men refused to concede anything, and there was a strike, lasting from November, 1874, to April, 1875, and out of that came a sort of arrangement. That has been abrogated, and there is a something in Pittsburg which is called a sliding scale, but it is a scale made by working-men, who come to the manufacturers and say, "Sign that, or we will not run your mill." This is called a contract, but there is no sliding scale in the proper sense of the word in puddling.

The CHAIRMAN. Are the relations between employer and employed in Pittsburg as favorable to conciliation at present as they are in England?

Mr. WEEKS. I think that they are more favorable than they were in England when those boards were formed originally. I think that those boards have affected both sides, and that perhaps the relations of the trade in Pittsburg are not quite as favorable to the formation of such boards as they are in England at the present time—the boards having had an existence there.

The CHAIRMAN. But there is a feeling in Pittsburg now on the part of the employers that the working-men have a right to be informed of the state of the business, and to know just what wages they ought to have.

Mr. WEEKS. Yes; but I think there would be an opposition to what has been claimed by the workmen, viz, that they should see the books of the establishment, in order to ascertain its profits. I do not think that the employers would be willing to concede that. They do not do that in England, either.

The CHAIRMAN. I am aware of that, but in England the umpire has access to the books.

Mr. WEEKS. Yes, the umpire or a sworn accountant, but not for the purpose of determining profits. It is simply for the purpose of determining selling prices, and the basis of wages there has been on the selling prices.

The CHAIRMAN. The question of profits would not be a material question, because one establishment might be making profits while another was making no profits, and if wages were based upon profits, then there would be a different grade of wages in every mill. The selling price is the only thing on which wages can be graded, and the arbitration boards in England proceed on that principle?

Mr. WEEKS. Yes.

Mr. RICE. You say that they pay in England $1.56 for puddling compared to $5 in Pittsburg?

Mr. WEEKS. Yes.

Mr. RICE. That is, that what costs $1.56 in England costs $5 in Pittsburg?

Mr. WEEKS. Yes; but the rate is lower in Massachusetts.

Mr. RICE. Is there any such discrepancy between the wages received by the laborers in England and in this country generally as that discrepancy in the iron business?

Mr. WEEKS. No, I think the discrepancy is greater in the iron business.

The CHAIRMAN. How is it in heating; is not the discrepancy just as great?

Mr. WEEKS. Not quite.

The CHAIRMAN. Well, nearly as great?

Mr. WEEKS. No, I think not.

The CHAIRMAN. How is it for common labor; what are they paying for common labor around the English mills now?

Mr. WEEKS. I have forgotten.

The CHAIRMAN. What are they paying in Pittsburg?

Mr. WEEKS. As a general thing $1; from 90 cents to $1.25. One or two mills only pay 90 cents.

Mr. RICE. What do you suppose is paid in England?

Mr. WEEKS. I suppose about three shillings to three shillings and sixpence.

Mr. RICE. Then you mean that wages are about twice as high here as they are in England?

Mr. WEEKS. Not quite; three shillings is equal to about seventy cents.

Mr. RICE. Do you know whether that same difference exists in other kinds of labor?

Mr. WEEKS. I will be able to tell you, but not to-day. I intended if I had time to make out a table showing the wages in Warrenton, near Liverpool, in Middleborough, and in Staffordshire, near Birmingham, as compared with wages in Pittsburg in the

iron-trade, and also the comparative price of living. I will make out a statement and furnish it to the committee.

Mr. RICE. These being the recognized relative prices received by laborers in the two countries, how are you going to bring the labor of America down to the price of English labor?

Mr. WEEKS. I do not know anybody who wants to do so.

Mr. RICE. Then how are you going to have the product of American labor compete with the product of English labor?

Mr. WEEKS. In the first place, I think that American labor is much more effective than English labor.

The CHAIRMAN. Take boiling, for instance; how about that?

Mr. WEEKS. That I do not know about, because the work of boiling in England is a great deal harder than it is here.

The CHAIRMAN. Is labor more effective in boiling pig-iron in America than it is in England?

Mr. WEEKS. No; but that is one of the roughest kinds of labor in the trade.

Mr. RICE. Is there any such difference between the quality of American labor and of English labor as to make up for the difference in the rate of wages which each receives?

Mr. WEEKS. No, sir; I do not think there is.

Mr. RICE. Are the rates of English labor going to increase in the future? Is there any prospect of their increasing?

Mr. WEEKS. That is a subject I have thought considerably about, and the more I think about it the more I am unable to decide.

Mr. RICE. Is it not more likely that the rates of wages in England will go down?

Mr. WEEKS. I do not know how they can go down any farther unless the people starve.

Mr. RICE. How will they go up?

Mr. WEEKS. I do not know unless they can get markets for their products, and even then I do not see how, with provisions as high as they are in England, wages can go down.

Mr. RICE. If the English can get the markets, they cannot.

Mr. WEEKS. I cannot see why the English should have the market completely as against us.

Mr. RICE. Why not, if they pay less for the labor that enters into their products than we do?

Mr. WEEKS. Take the iron trade, for instance. The pig-iron puddled in the north of England at those prices does not give bar-iron that begins to equal that from our pig-iron. The tensile strength of their common iron will be about 35,000 pounds, whereas the tensile strength of our Pittsburg common iron is 50,000 pounds and upward. That is, our Pittsburg iron (what we call our common irons here) are superior to their common and equal to the best English irons. Their best bar-iron to-day is but a fraction, if any, better than our common Pittsburg irons. They sell their Lord Dudley iron for, say £7 a ton (equal to about $35), while we are selling our Pittsburg iron for something like $38 a ton.

Mr. RICE. And we are paying the difference for labor?

M. WEEKS. Yes. Our material, to begin with, is better than theirs. They have to rework their iron so much in order to get it up to a good grade, or else they have to take certain grades of pig-iron that are expensive.

Mr. RICE. I understand that this discrepancy in wages runs through all kinds of employment in the two countries; that the wages are nearly double in this country what they are in England. Now this difference in the quality of production which you speak of as existing between the Pittsburg iron and the English iron does not extend to everything. How are you going (where the qualities are the same) to have the product of the labor of this country compete with that of England?

Mr. WEEKS. While I cannot say that the difference in quality does extend to all classes of goods, it certainly does to a great many. Our common cottons (what we used to call in Lowell cotton cloths) and our prints are much better than the English common prints; our shoes are better, and I think that our common woolen cloth is better than the common woolen cloth of England, although perhaps in the finer grades of goods the superiority is with the English. When it comes to the very fine grades of everything, they perhaps surpass us in some things, especially in those things where the quality depends on the amount of labor expended.

Mr. RICE. Take an iron ship built in England and an iron ship built in this country, and which of them would you say is best built?

Mr. WEEKS. I know a gentleman who told me that he has seen iron plates put into a ship in England that he would not risk his life on. I should judge that an English ship made of the same quality of plates that we put into our ships would cost somewhat less than our ships cost, but not much less.

Mr. RICE. Is the work on an iron ship better than it is here?

Mr. WEEKS. No; I think that our work here as a general thing is better than theirs.

Mr. RICE. On iron ships?

Mr. WEEKS. I am speaking of iron itself. Iron ships I know very little about. I know that our tools are better than theirs.

Mr. JONES. The ships that Mr. Plympsoll refers to were iron ships.

Mr. WEEKS. Some of them. When you get upon ship-building you are out of my latitude.

Mr. RICE. The fact of there being so great a discrepancy rather surprises me.

The CHAIRMAN. It has always existed. (To Mr. Weeks:) Is there a discrepancy between the rate of wages paid in Pittsburg and in New England?

Mr. WEEKS. Yes, a very large discrepancy.

The CHAIRMAN. Take puddling, for example. What are the rates of wages in New England and Pittsburg?

Mr. WEEKS. In New England the price varies from $2.50 to $3 a ton of 2,240 pounds, as against $5 a ton in Pittsburgh.

The CHAIRMAN. If you should succeed in getting wages in Pittsburg down to the rate paid in New England, what would happen to the New England mills in the present condition of the iron trade? Would they have to shut up shop?

Mr. WEEKS. I think that that would be the result, although they have a home market there for a good deal of their product. A large number of the New England mills are nail-mills, and they have a demand for their product in New England.

The CHAIRMAN. Would the freight from Pittsburg to New England be sufficient to counterbalance the difference in cost?

Mr. WEEKS. I do not think it would. There is a new railroad almost finished, and which will be open in two months, from Pittsburg to Youngstown, connecting with the Lake Shore road, that will reduce freight to New England from Pittsburg somewhat.

The CHAIRMAN. Then the same process of competition that now exists between the English workmen and the American workmen would inevitably take place between Pittsburg and New England, and would result in the same way?

Mr. WEEKS. I think so.

The CHAIRMAN. Would you recommend us to have a tariff in New England against Pittsburg?

Mr. WEEKS. The tariff is an entirely different thing, which I can give my views upon if desired. I would like to see New England prosperous, for although I live in Pittsburg, I am New England born.

The CHAIRMAN. Would you think that the solution of the difficulty would be a protection of New England against Pittsburg?

Mr. WEEKS. No; I think that the trouble in New England is lack of fuel, and that that is a thing which no tariff or anything else can help.

The CHAIRMAN. If they had free trade, they could get fuel from New Brunswick cheap. Do you not think that with a tariff of a cent a pound as against Pittsburg iron, the New England mills could continue to run?

Mr. WEEKS. I have no doubt but that such a tariff would enable the New England mills to run, but then other considerations would come into question.

The CHAIRMAN. Then the iron consumed in New England would cost consumers more than it now costs.

Mr. WEEKS. I do not think it would.

The CHAIRMAN. If New England had free trade in fuel and a cent a pound protection on iron against Pittsburg, do you not think that the iron would cost the consumers in New England more than it now does?

Mr. WEEKS. No, sir.

The CHAIRMAN. Why not?

Mr. WEEKS. That brings up the whole question as to whether the tariff is a tax upon the consumer.

The CHAIRMAN. If it would not cost the consumer of nails in New England more money than now, why not let the New England iron manufacturers have protection? In the first place, you say that the Pittsburg nails (if your labor and the New England labor were on the same grade of price) would go into New England cheaper than the New England mills produce nails. That would be so unless the price of labor were reduced in New England, and you say that you do not want to reduce the price of labor. Therefore, if you were to put a tariff of a cent a pound on the Pittsburg nails, would it not make nails cost more in New England?

Mr. WEEKS. At first it might. You are taking a special case and trying to get me to give judgment in that special case. I say that there are other considerations in regard to it.

The CHAIRMAN. I want your opinion as to that point.

Mr. WEEKS. I presume that at first it might. A tariff generally results at first in increasing the price to the consumer, but it would ultimately make nails less in New England.

The CHAIRMAN. Why would it make nails cost less?

Mr. WEEKS. The only reason why nails are cheap in New England is that they have cheap labor there. Now you are going to have as cheap labor as they have—the assumption being that the labor is equated on the same grade—either yours down or theirs up. Now I say I do not want to have labor put down. If they have protection in New England it would doubtless make nails cost more, but there would be countervailing advantages.

The CHAIRMAN. Then the consumer of nails would lose that much?

Mr. WEEKS. I presume so, if New England should separate herself from the rest of the country of which it is an integral part.

Mr. RICE. Would the consumer of nails have compensation in any other way?

Mr. WEEKS. Yes. For instance, a farmer would have an opportunity to sell his produce to those parties at work in these mills. The workmen would become consumers of what the farm raised, and perhaps at higher rates.

The CHAIRMAN. But does not New England now import very much the largest quantity of food used there?

Mr. WEEKS. Of certain kinds, yes.

The CHAIRMAN. Then the farmer is as well able to sell what he raises in one case as the other?

Mr. WEEKS. Yes.

Mr. RICE. Does New England import a great part of what her people eat, such as vegetables, meat, butter, &c.?

Mr. WEEKS. I never looked into that question, but she does import a great part of the grain and flour consumed.

Mr. RICE. In your judgment, are the laborers in Pittsburg better off now than the laborers in New England—do they live better, have better houses, better food, &c.

Mr. WEEKS. I cannot tell you.

The CHAIRMAN. Compare the condition of the Pittsburg laborers with the condition of the English laborers.

Mr. WEEKS. The Pittsburg laborers live much better. It cannot be otherwise, because with the single exception of rent and possibly of clothing (although I doubt if that is an exception), there are but very few of the necessaries of life that do not cost in England higher than here. Pittsburg, however, is hardly a fair point for comparison of the conditions of labor, because it is a place so hemmed in by the bluffs and the places of residence are so near to the mills and are so dirty from the smoke, that it is hardly a fair comparison to make.

Mr. RICE. If labor is $3 a ton in Massachusetts and $5 a ton in Pittsburg, is that difference of wages going to continue?

Mr. WEEKS. That I cannot say; on the other hand, I would say that the question whether a man can live on a given amount depends altogether upon how he lives.

The CHAIRMAN. If the tariff on iron were repealed, could the Pittsburg mills continue to run in competition with England in the production of bar-iron?

Mr. WEEKS. That would depend something on the question whether the English bar-iron would be sold at the rate which it would be sold for in England plus the freight and cost of handling. If the English should put their iron into New York for the purpose of breaking down the market——

The CHAIRMAN. Do not assume a case of that kind, but take the regular normal business. If there is no duty on English iron, would the result be the closing of the Pittsburg mills?

Mr. WEEKS. No, sir.

The CHAIRMAN. What would happen?

Mr. WEEKS. It would cut off considerable of their business.

The CHAIRMAN. But could they still go on and pay their present rate of wages?

Mr. WEEKS. No; I do not think they could.

The CHAIRMAN. Would they not have to reduce wages?

Mr. WEEKS. I think so.

The CHAIRMAN. What is the present rate of duty on bar-iron?

Mr. WEEKS. I do not recollect.

The CHAIRMAN. It varies; but suppose the ordinary rate to be three-fourths of a cent per pound on bar-iron, or from $15 to $17 a ton. That is the barrier between English iron and ours. If we were to remove that barrier, would not the English iron come into Pittsburgh itself and be sold?

Mr. WEEKS. I do not think the common grade and kinds of iron would. The tendency of importation lately has been to drop off from the commoner grades and import the higher grades, like rods, hoops, and sheets.

The CHAIRMAN. You think that English iron could not be brought into Pittsburgh?

Mr. WEEKS. I think that these higher grades of iron might be, because the difference in the cost of labor in making these higher grades is much less than the difference in the cost of making the higher grades in Pittsburgh.

The CHAIRMAN. Then the repeal of the tariff on iron would expose the Pittsburgh market to competition with England on the higher grades of iron?

Mr. WEEKS. Yes, it certainly would on steel rails.

The CHAIRMAN. At what rate can steel rails be laid down at any port here from England with no duty on?

Mr. WEEKS. There have been some sales of English steel rails at £5 10s. per ton placed on board the vessel alongside of the works. If they were taken as ballast, the expense of landing them in New England would be very small.

The CHAIRMAN. But, suppose they pay freight for them at the present low rate of freight. They could send them certainly at 5s. a ton, but suppose the freight was 10s. a ton, that would make them cost under $30 placed here.

Mr. WEEKS. Yes.

The CHAIRMAN. What is the present price of American steel rails?

Mr. WEEKS. Forty-one dollars a ton, depending something upon the location of the mill. I suppose the price would be $42 to $43 a ton at tide-water.

The CHAIRMAN. Now, to come to the countervailing advantages. Would it be to the advantage of any one to get steel rails at this low price?

Mr. WEEKS. It might be a temporary advantage to the railroad companies, but whether, on the other hand, if they could get them at these low rates, there might not be a worse side to the bargain, would remain to be seen. Of course if the Pennsylvania Railroad Company bought its steel rails abroad, the Cambria Iron Works could not make rails and would have to be closed.

The CHAIRMAN. The Cambria Iron Company could offer its laborers as cheap wages as the English laborers receive, and then it would not have to close its works.

Mr. WEEKS. We do not want to see labor so cheap as in England.

The CHAIRMAN. No matter about that. We must adapt ourselves to circumstances. We do not want to be poor, we want to be rich, but we have to accept the situation. Now, if the tariff were repealed, the Cambria Works could make steel rails as cheap as they are made in England, provided their labor was as cheap.

Mr. WEEKS. Yes. Everything else is as cheap. Coal is certainly cheaper; ore is about the same.

The CHAIRMAN. That would enable the Cambria Works even to pay a little higher for the labor than is paid in England. Would not the laborer here be able to get beef, pork, flour, and other necessaries of life cheaper than the laborer in England gets them?

Mr. WEEKS. That is a question. They would certainly at present be able to get their provisions cheaper.

The CHAIRMAN. Would not everything equate itself very rapidly? There would be certainly an interval of great distress, but would we not all come down to a lower scale equal in purchasing power?

Mr. WEEKS. But the question would be whether that would be well or not.

Mr. JONES. Farmers complain of the high freights eastward. Would not the cost of freight be reduced?

Mr. WEEKS. I do not know very well how freight can be reduced when it is now only one-third of a cent per ton per mile on some classes of goods.

The CHAIRMAN. The railroad companies could afford to do it at less than half that rate, could they not?

Mr. WEEKS. I do not know.

The CHAIRMAN. Have you any other facts to give to the committee in regard to the question of arbitration?

Mr. WEEKS. I was going to speak especially of the trades in England, in which there seems to have been a great deal of trouble in the past, and in which these difficulties are entirely overcome by arbitration. I refer to the hosiery trade and the pottery trade. The hosiery trade is a trade in which the styles are constantly changing. There are changes in the number of picks or threads, and with every change there is a change in prices. This had made the hosiery trade (up to 1860) a trade in which there were constant strikes. It has been in that respect probably one of the worst trades in the whole of England. It is the trade in which the crime of maching-breaking (Luddism as it is called) was originated, and which gave the crime its name. I think that early in this century (about 1816) that crime was made punishable by death, and six men were hanged in Nottingham for breaking frames. This is the trade in which the first board of arbitration was established by Mr. Mundella, nineteen years ago next March. From that time to this there has not been a strike in that trade, and yet the wages and price list covers over five thousand different articles. They have fixed the prices of wages on these five thousand different articles, and the necessities of the trade are such as to require them to be changed almost every day. So in the pottery trade. The styles are constantly changing. There are many customs which have grown up and have almost the force of law. One of the questions, for example, most bitterly fought in the trade was, whether the potters should be paid for the pieces that were perfect as they came from their hands from the wheel, or whether they should be paid for the pieces that were

perfect as they came from the oven after being baked. The principle was called "good from hand and good from oven." It was a very bitter fight. Arbitration was adopted in this trade some thirty-six years ago, before Mr. Mundella's board was established. It was not a permanent board, but was called together at the beginning of the year for the purpose of establishing prices for the year. All the troubles they have are settled by arbitration, and there has not been a strike in that trade for thirty years, owing to this principle of arbitration.

Some member of your committee has asked me in reference to the legality of arbitration. There are two systems of arbitration advocated in England. One is purely voluntary; the other, which is known as Mr. Kettle's system, or as the Wolverhampton system, gives a partially legal standing to the board of arbitration. The principle is an application of common law. Certain prices fixed and rules made, take the form of working rules. These are tacked up in a shop, so that every employee is informed that that is the contract under which he is working. The tacking up of the prices in a shop becomes of course notice to the workmen, and any violation of the contract can be enforced by law. So far as I know that is the only form in which the advocates of arbitration in England propose to make it in any way legal. There is a provision for the termination of the contract on giving certain notice. That notice in the Wolverhampton trade is two days, so that at the end of two days a man can withdraw from the contract if he chooses.

In regard to the method of procedure of these boards. In bringing a case before them for trial, they provide that there shall be no strike or lock-out. The boards will not take any action in a trouble where the men are on a strike or where the employers have locked them out. Then, before the question can be brought before a board of arbitration, it has to come before a committee of inquiry or conciliation. This committee endeavors to settle the trouble without bringing it before the board of arbitration, but in case it cannot do so, the question is brought before the board and the decision of that board is final. That is true of all questions except those that relate to future rates of wages. As a general thing these come before the in board in the first instance.

The CHAIRMAN. But pending a strike the board of arbitration will not meet.

Mr. WEEKS. It will not meet during a strike. If there is a strike, and if the question is to be referred to arbitration, the first requisition is that the work shall be resumed. They will not arbitrate a case nor take the subject into consideration while there is any strike on hand. In the coal trade, arbitration has not been quite so successful. For instance, from March, 1873, up to 1877, all the troubles that arose in the Northumberland coal trade were settled by arbitration or conciliation; but from that time to this the colliery owners have refused arbitration, and for this reason: In 1877 the employers demanded a reduction of wages. The men refused to concede it, and without waiting for the board to discuss the question (which they were bound to do by the agreement into which they had entered) the men struck. That strike lasted a number of weeks, and finally the men agreed to submit the question to arbitration. The umpire decided against the demand of the operators; that is, he refused to grant the demand which the employers made. But at the same time he recommended the men to do exactly what the masters demanded; that is, his recommendation overthrew his award. Shortly after that, the coal operators demanded another reduction of wages. The men proposed to arbitrate that, but the employers refused to submit the matter to arbitration. The men had first refused to arbitrate, and then when a new case came up the employers refused to arbitrate. They said to the men, "You refused to arbitrate; you went out on a strike, and while the umpire gave his decision against us, he by his recommendation to you virtually overruled that decision, and now we will not arbitrate." The strike lasted for a long time. It was for a reduction of 12½ per cent. The coal miners finally agreed to take 10 per cent. and to arbitrate the other 2½. The employers said "no, we will not do it"; and they finally won and the men went to work. I spoke to Mr. Burt, the secretary of the coal miners' association, when I met him one day in the House of Commons, and he made this remark to me: "Mr. Weeks, they have got the whiphand of us now, but we will soon have it of them." This trouble is only in the Northumberland coal trade. The Durham coal trade (which is a much larger trade than the Northumberland) has since March, 1872, settled its troubles by arbitration, and there has not been a strike in the trade. They settled their troubles by regular arbitration boards from March, 1872, to May, 1877, and then established a sliding scale. Between March, 1872, and May, 1877, wages were advanced 58½ per cent., and since that time there have been seven reductions of wages under arbitration boards, bringing wages to a lower rate than ever before in that trade. The present scale was adopted in May, 1877, and was to be in operation for two years, and it is still in operation.

Mr. RICE. The result of this arbitration in England for a number of years past has been to bring about a reduction of wages, for the last three or four years, but not in the first instance.

Mr. WEEKS. That is where I think we may find the secret of the success of some

boards of arbitration. The first effect of many of the boards was to put up wages. I think that if abitration had begun on a falling market, and if wages had kept going down, the workmen would have soon become disgusted with it.

In the South Wales coal works there was a strike in 1875, lasting for seventeen weeks, in which it is estimated there was a loss of from three to five million pounds sterling. The result of this was to establish a conciliation board and a sliding scale, with a maximum and a minimum. That had been in operation for a little while (a couple of years) when some of the men got dissatisfied and demanded a vote of the miners to see whether they should throw over the conciliation board, and although at that time the reduction had been 30 per cent. from the highest point reached, the vote stood 18,375 for continuing the board against 8,334 for discontinuing it. The minimum price fixed by that sliding scale was reached some time ago, and the manufacturers called a meeting of the men and submitted to them the question whether they would not consent that the wages should go below the minimum fixed. The men consented to it. A few months afterward they consented to a still further reduction of the minimum, and a third time since then they have consented to another reduction. Now, I do not believe that under the old system of strikes and lock-outs they would ever have consented to that. Here was a point fixed below which wages were not to go, and yet three times the men consented to a reduction below that point.

The CHAIRMAN. Then, on the whole, your testimony goes to show that there is rather more disposition on the part of workingmen to listen to reason than there is on the part of the employers?

Mr. WEEKS. I do not know where my testimony shows that.

The CHAIRMAN. You say that the workingmen in South Wales have consented to a reduction below the minimum three times, whereas in the other case that you speak of the masters would not consent to arbitration?

Mr. WEEKS. That was after the men had first refused to arbitrate, and had then after a strike consented.

The CHAIRMAN. Then the men repented, and were willing to submit to arbitration?

Mr. WEEKS. Yes; but it was after a strike, lasting for a number of weeks.

The CHAIRMAN. Nevertheless, they did repent, and were ready to go to work and comply with the conditions of the board of arbitration?

Mr. WEEKS. Yes.

The CHAIRMAN. Have you ever found any case in which the masters have voluntarily put up wages as these men in South Wales have voluntarily reduced the wages below the minimum?

Mr. WEEKS. There has been no occasion to do so since these boards have been established. There has not been that opportunity to try because the maximum has never been reached.

Mr. RICE. Do you not think that in this country objection to such a system of arbitration would come from the employers rather than from the employed?

Mr. WEEKS. So far as I recollect, the most strenuous objection to arbitration in Pittsburg has come from the employés. They were afraid, just as they were in England at first, that it would destroy their unions, whereas the result has shown that the unions are necessary to the successful working of arbitration. I have a letter here from Mr. Trow, secretary of what would answer to our boilers' union, and which is known in England as the National Amalgamated Association of Iron, Steel, Tin, Blast-furnaces, and other workers. It is a trade which, in 1875, numbered 35,000 members. There were in the union in connection with the North of England iron trade, 32 works and something over 1,900 puddling furnaces—not quite half as many as we have in the whole United States. I wrote to Mr. Trow asking for his views on arbitration. He responds in this way: "With regard to my views on arbitration, I believe that it is the only fair and honorable mode that can be adopted for the settlement of questions between capital and labor; that where both parties meet with an earnest desire for a fair and honorable arrangement, and discuss the various questions in dispute in a kind and conciliatory spirit, there is no fear of failure, but, on the contrary, the old feeling of mistrust and jealousy is banished and confidence in each other is established. The faults in connection with arbitration are when workmen come to the meeting jealous and suspicious, believing that employers are their natural enemies; and employers, by not conversing with delegates in a free and friendly spirit, foster this suspicion; and only under that action is there any fear of failure. Arbitration in England is regarded with great favor by workingmen, and only in a few solitary exceptions has it been refused or the awards rejected by workingmen. If you wish arbitration to be successful, employers must meet delegates in a kind and conciliatory spirit, so as to gain the confidence of workmen. Let this be done, and arbitration will prove successful—a blessing to employers and workmen."

The CHAIRMAN. Is not the first condition for successful arbitration in this country that employers shall not dismiss from their works men who have taken an active part even in strikes, taking the worst phase of them. Must not the employers shut their eyes to the fact that these men exist?

Mr. WEEKS. I think that to-day in Pittsburg it would be utterly impossible to run a mill if men should be discharged in that way.

The CHAIRMAN. But it was formerly done.

Mr. WEEKS. They tried to do it, but they could not do it to-day.

The CHAIRMAN. The men have got too strong?

Mr. WEEKS. Yes.

The CHAIRMAN. Then the employers have learned a lesson by another process which they should have learned by the process of reason?

Mr. WEEKS. I do not think that in Pittsburg employers have lately attempted to discharge men who have taken an active part in strikes, unless there has been actual personal violence or outrageous abuse.

The CHAIRMAN. Why not let the law take cognizance of that?

Mr. WEEKS. The law cannot always do it. In Pittsburg we have had something like a conciliation committee. Manufacturers would elect five or some number of men, and the workingmen would elect five other men, and these ten got together and spent hours and days and nights sitting and talking and discussing. There is a personal friendly feeling between the leaders of unions and the prominent iron manufacturers of Pittsburg (although the manufacturers do not always approve of the methods of the unions).

The CHAIRMAN. Has there not been an improvement in that direction?

Mr. WEEKS. Yes. The leaders of the men have got to be a better class of men than they were formerly. They are a good deal more conservative than they used to be. In the organization of these unions in the first instance a good many men were put at the head of them of whom the workmen themselves were afterwards ashamed.

The CHAIRMAN. If the employers had encouraged the organizations of workingmen, would they not have had better men much earlier?

Mr. WEEKS. I think they would, but I am giving my own opinion now, not the opinion of the manufacturers. I think that the manufacturers ought to encourage trade-unions, and that they should also have as strong a union among themselves. I believe that the only way to meet union is by union. Then they come face to face, and they know that strikes mean something, and the men will not strike if they can help it.

I have mentioned the coal trade in England. I ought also to mention that there has been arbitration in the lace trade, the nut and bolt trade, iron-stone mining, the chemical trade, the boot and shoe trade, and textile trades. That shows something of the range of arbitration in England.

The CHAIRMAN. In other words, you found that a substantially new element has come into trade-disputes in England—that of arbitration—and that it is working effectually and extending its area all the time?

Mr. WEEKS. Yes. Not simply arbitration, but voluntary, permanent boards of arbitration. It is voluntary, permanent, systematic. It differs from the *conseil des prud'hommes* in that it is purely voluntary; that there is nothing legal about it. It is systematic, and is entirely under the control of the men interested, without bringing in the state at all. I can hardly say, however, that it is extending at the present time.

The CHAIRMAN. Is there any country in the world where voluntary action can be more easily brought into play than in this country?

Mr. WEEKS. No, sir. We have not to get over the difficulties which they had to get over in England.

NOTE.—The following testimony, taken in New York in August, 1878, having been temporarily mislaid, lost its regular place in this volume:

VIEWS OF MR. WILLIAM E. DODGE.

NEW YORK, *August* 22, 1878.

Mr. WILLIAM E. DODGE appeared before the committee by invitation.

By the CHAIRMAN:

Question. Please to state your residence.—Answer. 225 Madison avenue, New York City.

Q. Are you a merchant of this city?—A. Yes, sir.

Q. You have been president of the Chamber of Commerce?—A. Yes, sir.

Q. You have been largely engaged in enterprises and have been employing labor on a large scale all your life?—A. Yes, sir.

Q. Can you give the committee some idea of the number of men now employed by your firm, and of the enterprises in which you are directly engaged?—A. I should say at a rough guess 2,000 men aside from my railroad interests.

Q. You do not include in that number those employed in the Scranton iron-works in which you have an interest?—A. No, sir.

Q. You speak only of those employed in works in which you have the controlling interest?—A. Yes; the number is about 2,000.

Q. How long have you been in business of this sort, employing men?—A. I have been a merchant in New York for fifty-one years, and have been engaged in various manufactures for the last forty years.

Q. Have you had occasion during that time to investigate the condition of the laboring classes, and to understand what, in your judgment, promotes their improvement, and affects their comfort and happiness? Have you given attention to that subject?—A. I think I have, very carefully.

Q. At the present time do you think that the laboring class (we have to use this term very unwillingly, as it seems there is no other term found except that of non-capitalists for people who labor and work with their hands) is in much distress throughout the country?—A. There can be no question on that subject.

Q. There is distress?—A. Yes, sir.

Q. Have you any theories or ideas about the causes of the distress or what makes it greater at this time than at other times?—A. I asked to come before this committee as the president of the National Temperance Society of the United States. The vice-president and secretary are with me here. And it is with particular reference to that matter that I should like to make my statement, and I will then answer any inquiries of the committee. I wish to make a statement as to the influence of the manufacture, sale, and consumption of intoxicating drinks on the labor question.

The CHAIRMAN. It is quite pertinent for you to specify any causes which you think affect the laboring classes, injuriously or otherwise. It is not for the committee to direct what course you shall take.

Mr. DODGE. I simply mention that so that the committee might understand why I dwell more particularly on that phase of the question. I may say that, from our earliest arrangement of manufactories in this country, I have made it a condition precedent in the various villages in which we are interested that no intoxicating drinks shall be sold within the circle of our employed men, where we own the whole land; and we have made it a condition with all our superintendents that if a man is addicted to the use of intoxicating drinks, after proper admonition, he is to be dismissed. The result is that we have invariably succeeded in having sober, temperate men; and, in our various manufacturing villages, the men themselves have prospered. They have become owners, generally, of the dwellings in which they live. Many of them have accumulated property, and the result has been (for the last forty years in which I have had experience) that the use of intoxicating drinks as a stimulant to promote strength is (as far as that is concerned) positively demonstrated to be a mistake, and that the men who let it alone are the men who prosper and are the best off. And there are very few in all the villages in which we are interested to-day who are out of employment.

The CHAIRMAN. In other words the distress which, you say, is very general in this country does not very seriously affect the villages where your works are located?

Mr. DODGE. That is so. I mean to say that, while our manufactures partake of the general depression of the country, that depression has not affected the employés so that many of them are out of employment. They have accepted the wages that our manufactories are able to pay, and have, many of them, savings laid up for such times as this; and so far as my experience goes, in all our manufactories in which we are specially interested there is no depression to-day.

The CHAIRMAN. To what cause do I understand you to attribute the exemption of your employés from the severity of the times among workingmen generally?

Mr. DODGE. I attribute it to the fact that they have abstained from the use of intoxicating drinks, and have saved the large sums that are usually expended for their use.

The CHAIRMAN. In addition to the interdiction of the use of intoxicating drinks, have you introduced any other agency, such as provision for saving earnings, that are not usually found in a community?

Mr. DODGE. In most of our villages there are institutions for savings, and one great point with us has been to get individuals to settle down in those villages and to become owners of property; and we have given them the opportunity of paying for the property in small sums.

The CHAIRMAN. In other words, you have given them facilities to purchase land, and to make payment in small sums?

Mr. DODGE. Certainly.

The CHAIRMAN. Have you been in the habit of advancing money to these people when they want to build houses?

Mr. DODGE. Not as a rule; but exceptionally, from the first.

The CHAIRMAN. You have encouraged them to invest their earnings in that way?

Mr. DODGE. Yes; and we have encouraged schools, and every moral influence that we could bring to bear on the good order of the community.

The CHAIRMAN. Is crime of common occurrence in those villages?

Mr. DODGE. No, sir.

The CHAIRMAN. Is it practically unknown there?

Mr. DODGE. It is practically unknown.

The CHAIRMAN. How do you prevent persons who wish to sell intoxicating drinks from coming to those towns?

Mr. DODGE. Our general plan is, first to secure a sufficient amount of land to make it very difficult, so that a man who wanted to get a drink would have to go some distance in order to get it. At Ansonia, parties who owned property there have died, and property has passed into other hands, and so grog-shops have occasionally been set up, but they have not succeeded.

The CHAIRMAN. Why have they not succeeded?

Mr. DODGE. Because the men are brought up to temperance.

The CHAIRMAN. You have got a pre-existing moral tone there?

Mr. DODGE. Yes, sir.

The CHAIRMAN. What is your idea on that subject—that the moral tone of the community should be raised by instruction and by teaching, or by legislation?

Mr. DODGE. By individual efforts, seconded by such proper and lawful legislative enactments as would be proper to help and aid them.

The CHAIRMAN. Would you recommend legislation prohibiting the sale of intoxicating liquors? Would you go so far as that? You seem to have accomplished your purpose in another way. Would you recommend the committee to report such legislation?

Mr. DODGE. I would simply say that I believe it ought to be left to the voice of the people in every town and village and county in the country to decide by popular vote as to whether intoxicating drinks should or should not be sold in it.

Mr. RICE. You mean local option?

Mr. DODGE. Yes; local option.

The CHAIRMAN. You would not recommend Federal legislation on the subject?

Mr. DODGE. No, sir; except so far as it could affect the manufacture of intoxicating liquors.

The CHAIRMAN. You are aware that the government derives a large amount of revenue from intoxicating liquors. How would you deal with that question? Would you increase the tax on liquor, or would you refrain altogether from obtaining revenue from such a source?

Mr. DODGE. If I did anything, I would make the tax so high that the manufacture of liquor would be decreased.

The CHAIRMAN. How would that affect the use of alcohol in the arts?

Mr. DODGE. Provision should be made for that by way of a drawback. The amount of intoxicating liquor consumed in the United States is enormous.

The CHAIRMAN. Can you give us the figures?

Mr. DODGE. I have before me an article published in the Journal of Finance and Commerce within the last week—not a temperance article, but one having reference particularly to the present distress of the country, and not at all looking at the question in the light of temperance. It shows the expenditure of $600,000,000 directly in this country for intoxicating drinks; and then it assumes that in the retail business there is at least $900,000,000 used up in the country in the course of the year. I will hand a copy of the article to the committee. It does not touch the question of temperance at all, but it goes to show the impoverishing effect upon the country of the consumption by the people directly of this $600,000,000 worth annually of that which does no good, but a vast amount of evil. It shows that that is a sum which would pay the national debt in three years, and that if this expenditure could be in some way got rid of there would be a call for labor by the use of that capital in the country, which is now annually lost or consumed.

The CHAIRMAN. You think that this capital which now goes down the throats of men would serve in other shapes, and be available for the employment of labor?

Mr. DODGE. Yes; and the laborer himself would not be impoverished and thrown out of employment as he is now, from the use of intoxicating drinks. He would have something laid aside for a rainy day, and would be able to meet such an emergency as we are passing through now.

The CHAIRMAN. Do you happen to know the estimated amount in savings-banks in the country?

Mr. DODGE. Yes; about $1,200,000,000, so that the annual expenditure for intoxicating liquors is half the amount of the accumulated savings of a whole generation.

The CHAIRMAN. Do you see anything to prevent the saving of the $600,000,000, if this drink was not consumed? Does drink, for example, supply the place of food, or of anything else that would have to be consumed in lieu of it—tea, coffee, or tobacco? I want to see what saving could be realized.

Mr. DODGE. That subject of tobacco is also taken up in this article. I have no doubt that a very large proportion of this $600,000,000 could be saved to the country—

saved to the individual. To be sure, on the other side, you may say that the consumption of other things would be so much the greater.

The CHAIRMAN. If a man, in consequence of drinking beer, consumes less bread, and if the result of his stopping the use of beer would enable him to consume more bread, then the saving from the dispensing with the use of intoxicating drinks would not be the whole $600,000,000.

Mr. DODGE. He does not only want more bread himself, but he would be able to give his children more bread.

The CHAIRMAN. The saving in capital is what I want to get at.

Mr. DODGE. The saving in capital would be very large.

The CHAIRMAN. But it would not be the whole $600,000,000?

Mr. DODGE. Probably not. But bear in mind that the $600,000,000 expended directly in drink does not provide for the results of the use of that $600,000,000 from the barbarism and crime that result from drink.

The CHAIRMAN. In those villages to which you refer, have you any poor-houses?

Mr. DODGE. No, sir.

The CHAIRMAN. Any jails?

Mr. DODGE. No, sir.

The CHAIRMAN. Any prisons?

Mr. DODGE. No, sir.

The CHAIRMAN. And you think that you save the cost of those establishments which are to be found elsewhere, because the inhabitants refrain from intoxicating drinks?

Mr. DODGE. I do. I do not think that the abstaining from intoxicating drinks is going to make a millennium or is going to make every man virtuous, but I believe that the experience of those portions of the country where absence from the use of intoxicating drinks has prevailed shows most conclusively a progress in all those directions.

The CHAIRMAN. What towns or villages do you name as being the type or specimen of this state of affairs?

Mr. DODGE. Ansonia, Conn.; Dodge Mills, in the vicinity of Williamsport, Pa.; Tobyhanna Mills, Monroe County, Pa.; Saint Simonsville, in Georgia; Waubesha, in Ontario, Canada (where we employ 300 men); Meganatawan Mills, in Ontario, Canada, and Collingwood Mills, in Collingwood, Canada.

The CHAIRMAN. Then climate (as the mills seem widely distributed) has nothing to do with it?

Mr. DODGE. Nothing at all.

The CHAIRMAN. Has the lumber business been, since 1873, very much depressed?

Mr. DODGE. Very much.

The CHAIRMAN. Have you been still able to give employment to your people during this period of depression?

Mr. DODGE. Yes.

The CHAIRMAN. I would like to know whether you have carried on any of these businesses without profit to the capitalist, during this period of depression?

Mr. DODGE. Yes, sir; mainly for the last three years. We have been retaining our organization in hopes of better times, and looking after the interest of the men.

The CHAIRMAN. And the workmen have had employment and wages during this time while the owners have had no profits?

Mr. DODGE. That has been the result.

The CHAIRMAN. And that is generally true of all kinds of business of which you have any knowledge in this country?

Mr. DODGE. There are very few exceptions to-day in the United States.

The CHAIRMAN. Then the capitalist, so far as you have any knowledge, is not at present deriving profit from the labor of his employés?

Mr. DODGE. I think that that is true as a general rule throughout the country.

The CHAIRMAN. Not even getting interest on his capital?

Mr. DODGE. Very seldom getting interest.

The CHAIRMAN. So that society is now in that condition in which capital is employed to carry on business, but takes no compensation.

Mr. DODGE. That is very true; I can say so, feelingly.

The CHAIRMAN. In your experience has the laborer been usually better off when capital was making profit, or when capital was losing?

Mr. DODGE. That is a very difficult question to answer. There are exceptions. The very high wages paid during the war encouraged many of our mechanics and laboring men to extravagance which was very natural. When reduced wages came it has been very hard and inconvenient for them to submit to the reduction. It has been very difficult for them to bring their style of living and their habits down to the economical methods which existed previous to the war.

The CHAIRMAN. If they were willing to live in such a manner as they lived in before

the war, do you think that their present rate of wages would be as good a remuneration as the wages they then had?

Mr. DODGE. I think so, because the wages even now (which are called low wages) are very much higher than they were before the war. When I built my house on Madison avenue, twenty-six years ago, the common laboring men employed on it received 70 cents a day, the better class of laborers a dollar a day, and the carpenters and masons a dollar and a quarter; and those were the prices throughout the city.

The CHAIRMAN. Was that a period of distress?

Mr. DODGE. No, sir.

The CHAIRMAN. There was not much complaint of distress at that time?

Mr. DODGE. No, sir. Rents were not half what they are now.

The CHAIRMAN. Do you not think that the employing classes have also got on an extravagant scale of expenditure as well as the laboring classes?

Mr. DODGE. I do, most certainly.

The CHAIRMAN. Is not the destruction of capital, and some part of the present suffering, due to the fact that the employing classes have also used their capital unproductively and extravagantly since the war?

Mr. DODGE. There is no question about it.

The CHAIRMAN. Do you think that the laboring classes, who work for wages, are any more open to censure and condemnation for extravagance than the employing classes?

Mr. DODGE. Certainly not.

The CHAIRMAN. Have not the employing classes set an example of extravagance to others which has had an unfavorable influence?

Mr. DODGE. I think so.

The CHAIRMAN. Besides the abstaining from intoxicating drinks, are there any other things that the community can do to bring about a better state of things than the present? Would a more economical mode of living be an advantage?

Mr. DODGE. I have no doubt that it would have its influence.

The CHAIRMAN. Would not that stop a considerable part of the demand which now exists for things that are not absolutely necessary, and would not that produce a new evil?

Mr. DODGE. That is a question which I was going to ask you. I was just going to say that, if we have too much economy, all at once, in the higher classes, that would stop employment.

The CHAIRMAN. But suppose that, instead of expending capital in mere unproductive expenditures, the wealthy class were to use it as you have been using yours, in carrying on industrial works, even at a loss, but by which labor would be employed, would not that bring about a better state of things?

Mr. DODGE. Yes; unless it produced an increased over-production.

The CHAIRMAN. But those people who are unemployed and who are living in idleness could not certainly be worse off if they were employed at something of value?

Mr. DODGE. Certainly not.

The CHAIRMAN. If the consciences of capitalists were aroused and awakened, could not capital be utilized in a way that would tide over the present state of things?

Mr. DODGE. Yes, sir. But while men who are already engaged in manufactures may continue them, looking for better times, no sane man would take his capital and put it into manufactories for the simply purpose of employing men, when he knew he was going to lose by it himself.

The CHAIRMAN. Suppose that that man was in the habit of giving away the whole of his income in charity, would it not be a better application of his capital to lose that same amount in carrying on business and employing people?

Mr. DODGE. That is a question that I am not prepared to answer.

The CHAIRMAN. Have you any suggestion to make to the committee of any legislation that may be recommended, in any direction whatever, that would tend to bring to an end this depressed state of things, and to bring about an early return to prosperity?

Mr. DODGE. I can only suggest this: The National Temperance Society has been endeavoring for three years to get a commission appointed by Congress (the proposition has twice passed one house) to investigate the question in regard to the use of intoxicating drinks, and their influence on labor and on the prosperity of the country. I think that if such a commission as that were appointed and made permanent, it would do a great deal toward opening the eyes of the people, and enlightening them. Such a proposition is now before the Government of Great Britain, and is being pressed with very great interest there by Sir Wilfred Slosson, in regard to the propriety of giving to villages the right of saying, by a two-thirds vote, whether they will or will not have drinking-houses licensed.

The CHAIRMAN. Outside of that, is there anything else in the history of the country—either the tariff system or the financial system—which has any bearing upon the condition of the country?

Mr. DODGE. My own impression is that much might be done, in the modification of the tariff, to relieve the country. I still believe that the action of the government in the return to specie payment will do a great deal toward relieving the laboring classes. It is not the want of money which has engendered the present state of things and the distress in the country. It is the fact that confidence is destroyed.

The CHAIRMAN. It is asserted very frequently that there is a great deficiency of money and capital. Have you, in your long business experience of fifty years, ever known capital to be so abundant and cheap as it has been for the last three years?

Mr. DODGE. Never in my life; and I have never known such an utter impossibility of using it to advantage. I am acquainted with one trust company in this city. A few months ago one of our largest merchants deposited $300,000 capital at 2½ per cent. interest, saying that it was impossible for him to use it in his business. Another deposited two sums of $50,000. That is but a sample of what is being done. Money is lying idle everywhere. All that is wanting at present is confidence in the stability of the government in regard to currency. The very moment that that confidence is established business will begin to revive, the wheels of industry will begin to move, and hundreds of men who are now out of employment will find employment.

The CHAIRMAN. Confidence in what respect; in regard to the currency?

Mr. DODGE. In the stability of the policy of the government in regard to the question of our currency.

The CHAIRMAN. Confidence in what direction—that the legal-tender dollar shall be worth what?

Mr. DODGE. Shall be worth one hundred cents in gold.

The CHAIRMAN. In reference to the theory that if the government prints on this paper "This is one dollar," it is just as good a dollar as can be made, what is your view?

Mr. DODGE. Suppose the government should give us $10,000,000,000 of such paper money, would it be just as good? I remember when a boy that up in the garret of my father's house there was a large trunk in which were piled up batches of continental money, which my grandfather had received for making continental wagons. It had the same government stamp upon it. But the time came when it was not worth a cent, and that is why my grandfather, for this trunkful of continental money, never received a dollar.

The CHAIRMAN. Then the stamp of the government is worthless unless the government redeems it in something?

Mr. DODGE. That is the point.

The CHAIRMAN. What is the something that it should be redeemed in?

Mr. DODGE. Gold; and when you can redeem it in gold, it is just like what the Frenchman said, "When I can get him I don't want him."

The CHAIRMAN. Then the confidence which you speak of is the confidence that, when a man has a piece of this paper money, he can get the gold for it?

Mr. DODGE. Yes; and in that case he keeps the paper money in his pocket.

The CHAIRMAN. But he wants to be sure that he can get it if he wants it.

Mr. DODGE. Exactly.

The CHAIRMAN. Unless you have redemption of paper money in something that has positive value in the markets of the world, will there be any stability in values?

Mr. DODGE. No, sir.

The CHAIRMAN. When there is no stability in values (and you have passed through that era), do you have to make allowance in fixing your prices to the consumer for the risk of the rise or fall in this unstable currency?

Mr. DODGE. We tried to do that, but we failed most terribly.

The CHAIRMAN. You were unable to protect yourselves with all your experience and judgment?

Mr. DODGE. Certainly; we could not protect ourselves.

The CHAIRMAN. How do you think that if you, with all your experience, could not protect yourself, a workman, who is not familiar with business and finance, can protect himself against the extra prices put on such currency?

Mr. DODGE. He has no safety in depending on his labor at all until he is sure that the dollar which he receives for it will buy him an equal value. If he lays by a paper dollar that is irredeemable, he does not know but that, in a little, it will be so depreciated in value that it will take two of them to buy as much as a gold dollar would buy.

The CHAIRMAN. Do you not think that the prices of commodities such as are consumed by families increase out of proportion to the comparative value of paper and gold, and remain so increased?

Mr. DODGE. There have been some exceptions to that rule; but as a general rule it is true.

The CHAIRMAN. Have not the retail prices outlasted the disparity between paper and gold?

Mr. DODGE. I think they have; but I think that the retail purchaser of goods never

bought them so cheaply as he can buy them at the present moment. But purchasers have suffered greatly all the way down. Now we have come to the point where the manufacturer receives nothing for his capital and labor, and where the consumer is having the article at cost or less than cost.

The CHAIRMAN. Is not the effect of this state of things to increase the consumption?

Mr. DODGE. Yes.

The CHAIRMAN. Do you observe in business any signs of increased demand, or any signs of recovery?

Mr. DODGE. The gross amount consumed in the country to-day of the articles which we deal in as merchandise is as much as ever it was.

The CHAIRMAN. In other words, the volume of business is as great as ever it was?

Mr. DODGE. Yes.

The CHAIRMAN. It is merely the prices that are down?

Mr. DODGE. The prices are down very low.

The CHAIRMAN. And the lowness of the prices tends to increase the volume of business?

Mr. DODGE. Constantly.

The CHAIRMAN. So that we are to-day doing as much business as we did in any normal period (leaving out the speculative era of 1872)?

Mr. DODGE. Yes; and there is another thing that cannot be overlooked. That is, that the very low prices of materials that enter into buildings are stimulating the construction of buildings throughout the country. I have recently traveled through seven or eight States, and I have been surprised to see the amount of building that was going on in the towns and villages. That is going, eventually, to affect labor very favorably.

The CHAIRMAN. In your travels outside the city of New York did you find any evidence that there was any very large amount of labor unemployed?

Mr. DODGE. For the last two months I have been traveling almost all the time. With the exception of the large centers of population great complaints have been made of the inability to get men during the harvest.

The CHAIRMAN. Did you get any evidence at any other time (prior to or subsequent to the harvest) as to whether there was any deficiency of labor in the country?

Mr. DODGE. There was not a sufficiency of labor in the villages and rural regions.

The CHAIRMAN. In other words, the surplus of labor is mainly confined to the large cities?

Mr. DODGE. That is so.

The CHAIRMAN. Have you any remedy to suggest for getting rid of this surplus or excess of labor?

Mr. DODGE. I think that the government has offered very great inducements to laboring men in offering them land for nothing if they will only go and cultivate it. I think that there is no class of the community, high or low, so independent as the farmer. If laboring men would go into the country and work for themselves on the land, they could be very soon independent and be able to employ help.

Mr. RICE. Have those who are out of employment in the cities the means of getting to these government lands and of settling on them?

Mr. DODGE. A great many have not.

Mr. RICE. Is there any way to help them to do so?

Mr. DODGE. Many of them, I have no doubt, have friends who would help them to go to such places rather than have them linger around the cities.

Mr. RICE. Is there a way to help them by legislation?

Mr. DODGE. I do not think that the legislature has any right to enter upon such a course.

The CHAIRMAN. You were in business in 1837?

Mr. DODGE. Yes.

The CHAIRMAN. And you were in business in 1857?

Mr. DODGE. Yes.

The CHAIRMAN. During the depression in business in those years, and subsequent to those years, was there any difficulty among the laboring classes to get employment?

Mr. DODGE. It was very similar to what it is at the present time; but it lasted a much shorter period. After the crisis of 1837 we were in active business again before 1840, and everybody who wanted work had employment. After the criris of 1857 things were changed again before 1861.

The CHAIRMAN. That was three years after the crisis of 1837, and four years after the crisis of 1857. Now, from 1873 to 1878 is five years. Have you any explanation that you can offer for the longer continuance of this era of depression?

Mr. DODGE. Yes; in 1873 we had got much higher up on the mountain, and it takes us a good deal longer time to get down. The high prices and extravagance engendered by the war, and by vast speculations from 1863 to 1870–'72, inflated everything, and gathered up everything so high that people went into debt enormously. They

were practically head over ears in debt. Many of them had mortgaged their property and had to pay interest on those mortgages, and it has taken a very much longer time to get down towards the bottom. We certainly are getting down now towards the bottom.

The CHAIRMAN. Do you think that the losses caused by the war and the destruction of capital during the war have had any influence on the duration of this period (an influence which did not exist in 1837 or in 1857)?

Mr. DODGE. I do not believe that, as a country, we have ever really seriously felt the losses of the war, except so far as human life is concerned.

The CHAIRMAN. But I mean the destruction of capital. The war was supposed to have cost the Northern States $5,000,000,000; and it is not known how much it cost the South. Do you think that the actual destruction and obliteration of all this capital amounts to nothing in the problem?

Mr. DODGE. So far as the South is concerned there can be no question of it. So far as the North is concerned, it was greatly mitigated by the apparent prosperity that we had. But although those enormous losses resulting from the war seem to have made it necessary that there should be this suffering, yet I think that the suffering has grown more out of the stimulants of demand during the war, and out of the vast amount of paper money that was issued. I think that we had tided over that, and that we are suffering for it to-day.

The CHAIRMAN. The South had been a great consumer of northern products prio to the war?

Mr. DODGE. Yes.

The CHAIRMAN. But it has not been since?

Mr. DODGE. Not to any great extent.

The CHAIRMAN. Therefore we have not got that outlet for our products.

Mr. DODGE. No; but the South is recovering very rapidly.

The CHAIRMAN. And one of the elements of our recovery will be the growth of the South in prosperity?

Mr. DODGE. Yes.

The CHAIRMAN. Otherwise you think that business is on as large a scale as it has been in any previous period?

Mr. DODGE. I think so, except always the shipping business.

The CHAIRMAN. Do you think that a further issue of paper currency would contribute in any way to restore prosperity?

Mr. DODGE. I think that the issue of $1,000,000,000 of paper currency might give apparent prosperity for a short time, but then we would be worse off than we are now.

The CHAIRMAN. You think that we would want a great national temperance society to get over the results?

Mr. DODGE. Yes, sir.

Mr. THOMPSON. You cited the cases of your little villages as proof of the good effects of temperance; and you attribute their success and the absence of depression there to that cause. Did I understand you correctly in that?

Mr. DODGE. Not to that entirely, but to the moral influences connected with it.

Mr. THOMPSON. I understood you to say in answer to the chairman that in those places there was no general suffering of the laboring classes as compared with other parts of the country.

Mr. DODGE. I say so unhesitatingly.

Mr. THOMPSON. Did I not understand you to say, also, that for the last two or three years you had been running these establishments at a loss, for the purpose of keeping up your organization, and for the benefit of your men?

Mr. DODGE. Yes; we have been running them in hopes of better times. We should not, simply for the benefit of the men, go on indefinitely with such a state of things, but if you break up the organization of such manufacturing establishments it is very injurious.

Mr. THOMPSON. So you have been running your establishments and employing these 2,000 men at an actual loss to the employers. Have you not been practically keeping these men on charity?

Mr. DODGE. I would not like to say that we were keeping them on charity.

Mr. THOMPSON. Have you not been contributing to them at the sacrifice of your interests?

Mr. DODGE. If we had stopped our various manufacturing establishments because they were unproductive it would have been at the cost of great suffering to our men.

Mr. THOMPSON. If your company had not been rich enough to run for several years at a loss to the stockholders, and if you had been compelled to stop your operations as other establishments did, would not the sufferings of the communities there have been the same as the suffering in New York City?

Mr. DODGE. I have no doubt they would.

Mr. THOMPSON. Then is it not a fact that in charity or in philanthropy you have been, in a measure, maintaining these 2,000 men for the last three years?

Mr. DODGE. I think this: these men have all earned their wages, they have worked faithfully and cheerfully, they were willing to go with us and to take lower wages.

Mr. THOMPSON. But you were paying them more than they were worth to you?

Mr. DODGE. We have kept on our manufactories at a loss?

Mr. THOMPSON. Then, in fact, have you not been giving these men, in the form of wages, what practically has been charity?

Mr. DODGE. I would not like to say that, because many of those men are men who would not accept charity.

Mr. RICE. Would not the suspension of your works have cost you just as much in depreciation as it has cost you to continue them in operation?

Mr. DODGE. As I remarked before, we hoped for a revival, and we kept on.

Mr. RICE. Has not the continuing of the works been better for you than the stoppage of them would have been?

Mr. DODGE. Yes; we hope so.

Mr. RICE. Therefore, it has not been entirely unselfishness on your part?

Mr. DODGE. No; we did not do it from charity.

STATEMENT OF REV. J. N. STEARNS.

Mr. J. N. STEARNS next came before the committee and stated that he was the secretary and publishing agent of the National Temperance Society; that, thirteen years ago, when that society was organized, it had sought to find the relations of labor to the liquor traffic; that it had found a man in Pennsylvania (Mr. Powell) who had been investigating the subject for a period of ten years, and that Mr. Powell was now prepared to lay before the committee the results of his investigations. He remarked that, in Maine, before the introduction of the prohibitory law, $13,000,000 a year had been spent for liquor, and that during the last year, under the effects of the prohibitory law, the amount spent for liquor had only been $500,000, and that, consequently, the jails of Maine were mainly empty. He remarked that Portland, which had been swept by fire, had been now rebuilt, and that the property valuation of that city had increased, during the last year, 480,000, while in Boston, with her 3,000 liquor shops, the valuation of property had fallen $17,000,000.

The CHAIRMAN. Have you any evidence to show that the pressure of the hard times is less felt in Maine than in any other State?

Mr. STEARNS. That is the testimony of Mr. Neal Dow at a very large convention of delegates from all parts of the State which I attended last year.

The CHAIRMAN. I judge, from the reports of the greenback movement in Maine, that they are suffering there like the rest of us, and that they want relief in the shape of more money.

Mr. STEARNS. I presume that the count of the ballots will tell mainly on the result of that noise in Maine.

Mr. RICE. You spoke of Portland and Boston in connection with the valuation of real estate. Have you any information as to which city business is most active in now?

Mr. STEARNS. Not from personal observation, but from statements of those familiar with it.

Mr. RICE. Has not the business of Boston increased more rapidly in proportion than that of Portland?

Mr. STEARNS. I presume so.

Mr. RICE. Notwithstanding its three thousand grogshops?

Mr. STEARNS. The property valuation of Boston by the assessors was $17,000,000 less this year than last year.

Mr. RICE. Is not that owing to the loss of capital invested by capitalists of Boston in Western and other securities that have fallen on their hands?

Mr. STEARNS. I presume that that has had its influence; but I know some merchants of Boston who, if they had been total abstainers, could have carried their business through, and who have now failed.

STATEMENT OF MR. AARON M. POWELL.

Mr. AARON M. POWELL, the gentleman referred to by the last witness, read the following statement:

INTOXICATING LIQUORS AND "HARD TIMES."

The National Temperance Society respectfully submits for the consideration of the Congressional Labor Committee the following:

Money spent for liquor is so much capital taken from industry. In 1870 there were n the United States 143,115 retail liquor dealers. The cost of liquors, exclusive of

domestic wines, as computed from best available statistics, was $619,425,098. By the census of 1870 the entire amount paid as wages for labor that year was $775,584,343.

In 1872, Dr. Hargreaves, from internal revenue and commerce and navigation reports, computes the quantity of liquors, distilled and fermented, at 337,288,066 gallons, the cost to consumers at $735,720,048.

In 1870, the value of all the food and food preparations at the place of manufacture, embraced in the census report for that year, was only $600,365,571.

In the single State of Pennsylvania the drink bill for 1872 was about $78,725,000. The same money employed in manufacturing useful and necessary articles which was spent in manufacturing and in the consumption of liquors would have employed 20,000 more laborers and paid $6,000,000 more of money as wages in this one State alone; that thousands are in want and distress is not inexplicable, while the annual expenditure of the nation for liquor is as much or more than is expended for food, and nearly twice as much as is spent for clothing. The $700,000,000 a year spent for drink would, in a single year, if appropriated instead for food and clothing, relieve all distress and place all in comparative comfort.

Hon. Neal Dow, of Maine, in a careful estimate, states that this nation drinks up the equivalent of its entire property valuation, real and personal, every twenty years. The liquor bill of Maine, formerly $13,000,000 a year, is now reduced to $500,000. The property valuation of the State was higher last year than ever before; the valuation of the city of Portland, half destroyed by fire a few years ago, was, last year, $480,000 in excess of any previous year.

There are 545,624 men employed in liquor making and selling, 600,000 drunkards, and 1,404,323 tipplers, as estimated by Dr. Hargreaves, the loss of whose time and productive industry to the nation is not less than $568,860,000.

Intoxicating liquors are a chief source of pauperism. In 1873 the board of State charities of the State of New York found, out of 9,855 paupers, 84 per cent. of the men and 41 per cent. of the women were intemperate. Of these 44 per cent. of the fathers before them were intemperate, and 17 per cent. of the mothers. Careful inquiry shows from 75 to 90 per cent. of pauperism as due chiefly, directly or indirectly, to intemperance.

Not less than 130,000 widows and orphans are left such annually by liquor-drinkers, a large proportion of whom become inmates of our poorhouses. Thus is the industry of the country burdened with onerous taxation made necessary by drink.

The large and formidable army of "tramps" is being constantly recruited from the ranks of drinkers. The following sentence from a letter from an official of Springfield, Mass., will serve as an illustration: "I would say that we have lodged and fed 8,052 persons that we call 'tramps,' and I seldom find a man among them who was not reduced to that condition by intemperance."

Another cause of heavy taxation is the prevalence and cost of the crime induced by strong drink. Governor Dix, as governor of New York, testified: "Intemperance is the undoubted cause of four-fifths of all the crime, pauperism, and domestic misery of the State." In like manner Governor Gaston, of Massachusetts, testified: "Intemperance has been the most prolific source of poverty, wretchedness, and crime; it has filled the State and the country with its destructive influences." Dr. Elisha Harris, of the New York Prison Association, says: "About 82 per cent. of the convicts of the United States privately confess their frequent indulgence in intoxicating drinks." "The city workhouse, on Blackwell's Island," say the commissioners of charities and corrections, "received, in the year 1876, 22,845 prisoners, of whom 11,250 were men and 11,595 were women. Drunkenness was the immediate cause of the incarceration of three-fourths of the former and seven-eighths of the latter, the predisposing cause in the cases of all the rest."

The manufacture of liquors destroys millions of bushels of grain, which would otherwise be available for the poor as wholesome and nourishing food; the money spent for liquor is withdrawn from legitimate business; the liquor destroys the health, begets idleness and vagrancy, and loses to the state the industry and wealth-producing capacity of liquor-drinkers; the pauperism and crime impose enormous burdens upon tax-payers.

The CHAIRMAN. How can Federal legislation deal with this question at all?

Mr. POWELL. First, it is quite within the jurisdiction of Congress to say whether or not this liquor traffic shall go on in the District of Columbia, where there are over 1,000 drinking places. Secondly, it is quite competent for Congress to discourage, or to encourage, the importation of liquors from abroad, just as Congress interdicts, through the machinery of government, the importation of hides and cattle into this port at times (perhaps at the present time). So it may lay its heavy hand on the importation of liquor from abroad. Thirdly, Congress may preserve the Territories from the devastating effect of the liquor traffic.

Mr. RICE. I understood Mr. Dodge to say that he would have the inhabitants of every town, village, and county vote on the question of the sale of intoxicating liquors.

If that were so, would you have the inhabitants of the District of Columbia vote on that question?

Mr. POWELL. Not necessarily.

Mr. RICE. Then you do not agree with the president of the National Temperance Association?

Mr. POWELL. I should not stand exactly on that platform in regard to the District of Columbia. Indeed I think I should not do so in regard to any part of the country; for I believe in the competence of the State government to deal with the drink question as it does with other public perils.

The CHAIRMAN. Then, as a practical question, you do not believe in the principle of local option?

Mr. POWELL. Yes; where it is practicable to put it in force.

The CHAIRMAN. Then, why should the District of Columbia be exempt from that principle?

Mr. POWELL. Because the form of government in the District of Columbia is not such as to call the people to the polls on other questions.

The CHAIRMAN. But they could be called to the polls on that question.

Mr. POWELL. To be sure they could; but, as a matter of expediency, I would not do it, because it is just as competent for Congress to say that the drink traffic shall cease in the District of Columbia as it is for Congress to appoint a commission for the District and to frame a government for the District.

The CHAIRMAN. But why should not the same rule that applies to other places apply to the District of Columbia? The legislature of Albany has the same right to abolish the liquor traffic in the State of New York. Why don't you get the legislature to do it?

Mr. POWELL. We are asking the legislature to do it.

The CHAIRMAN. Then you and Mr. Dodge do not agree.

Mr. POWELL. Not necessarily on that point.

Mr. THOMPSON. On what theory would you interdict liquor traffic in the Territories?

Mr. POWELL. On the theory that the Government of the United States is the protector of the Territories, and has the power and the responsibility to use that power.

Mr. THOMPSON. Suppose you were consulted as a lawyer as to the Constitutional power of Congress in the matter; in what provision of the Constitution would you find that power?

Mr. POWELL. I think I could find it.

The CHAIRMAN. Perhaps in the provision that Congress shall have power to provide for the general welfare.

Mr. THOMPSON. Welfare of whom? That applies to the State of New York as well as to the Territory of Wyoming.

Mr. POWELL. Not at all in this question.

Mr. THOMPSON. Why, certainly; that clause of the Constitution applies to the United States and to the people thereof. It is not limited to the Territories.

Mr. POWELL. It applies directly to the Territories and indirectly to the States. Passing over that for the present, let me take another point. It is that it is perfectly competent for this committee (if it is persuaded that the drink traffic is inimical to the public welfare) to recommend to the House of Representatives that the Constitution might be amended so as to meet any difficulties that are in the way. I believe that the enlightened Christian opinion of the nation will bring us to that, by and by, as a way out of what threatens to be a great national calamity.

Mr. RICE. I agree with Mr. Dodge in his idea of local option; I believe that that is the way to get at the difficulty. Now, if he be right, we do not need any constitutional amendment in that respect, because the people can be authorized to vote in all the towns, and cities, and districts, and Territories, that there shall or shall not be drink traffic allowed there.

Mr. POWELL. There is no objection to that so far as it goes, but why make a distinction? Why not have local option as to whether there shall be counterfeiting allowed, or local option as to whether there shall be burglary allowed, or other things allowed?

Mr. RICE. Counterfeiting is a crime and burglary is a crime, but selling a glass of wine is not a crime.

Mr. POWELL. That is a question.

The CHAIRMAN. It can be made a crime by law. Do you recommend us to report in favor of increasing the duty on foreign wines?

Mr. POWELL. I would recommend that you suggest to Congress to prohibit the importation of foreign wines for drinking purposes.

The CHAIRMAN. You are aware that we make domestic wines in this country. Would you have Congress suppress them too?

Mr. POWELL. I would have the traffic in them suppressed.

The CHAIRMAN. Would you recommend Congress to prohibit the importation of foreign wines in order that domestic wine growers might have greater profits out of what you think to be an immoral traffic?

Mr. POWELL. Not at all.

The CHAIRMAN. That would be the effect of it.

Mr. POWELL. Not necessarily, because the moment the national government puts its face against the drink traffic, New England and the Middle States and the whole country will turn their faces also against that traffic; but, so long as the national government is where it is (with a Commissioner of Internal Revenue being the general manager for the liquor business of the nation, and just keeping his illicit distilleries from open warfare against the government) the States will never get much beyond their present condition on the question; and therefore it is that I feel the deepest interest in having the national government deal with this question as its merits require.

The CHAIRMAN. You ask us to recommend Congress to put a prohibitory duty on the importation of foreign wines because you think that their use is demoralizing. Do you know anything about the habits of the French peasants and workingmen?

Mr. POWELL. I have seen something of them.

The CHAIRMAN. They are great wine drinkers, are they not?

Mr. POWELL. They are.

The CHAIRMAN. Wine forms a staple part of every meal in France, even for the laboring men?

Mr. POWELL. Yes, to a large extent.

The CHAIRMAN. Do you know any nation in the world that is more frugal, more prudent, more industrious, more orderly than the French nation?

Mr. POWELL. It is orderly, industrious, and frugal; but it is not free from intemperance.

The CHAIRMAN. The point is this: whether the consumption of wine is intemperance. You ask this committee to recommend to Congress to impose a prohibitory duty on foreign wines on the ground that the use of wine is demoralizing. Now I point you to France, where the people drink wine in great abundance, and where they are known to be frugal, industrious, and moral, and I ask you whether, on that ground, you can sustain your recommendation?

Mr. POWELL. Certainly I can, and I shall quote great French authorities to show that the wise and statesmanlike men of France to-day are alarmed at the tendency of things there growing out of the drinking of wine and other liquors to which wine-drinking leads.

The CHAIRMAN. I will thank you to send those authorities to the committee. In the mean time I will ask you to consult Chevalier, Leon Say, and other French economists on that subject. The consumption of wine to excess is a wrong thing, as everything else done in excess is. I also have had large opportunities to observe the habits of the French people, and I am bound to say that I have seen very much less intemperance in France than I have seen in this country, where we are not large producers of wine.

Mr. POWELL. That is undoubtedly true.

The CHAIRMAN. Then why prohibit the introduction of a thing that is conducive to temperance?

Mr. POWELL. I deny that it is conducive to temperance.

The CHAIRMAN. The French are believed to be the most temperate and the richest people in the world, and they are the largest consumers of wine.

Mr. POWELL. I will send you the authorities which I quote.

The CHAIRMAN. Please do so, and also send some reasons why wine should be excluded from the diet of the French people.

The committee adjourned until to-morrow.

VIEWS OF MR. HORACE WHITE, OF CHICAGO.

NEW YORK, *August* 23, 1878.

Mr. HORACE WHITE appeared before the committee by invitation.

By the CHAIRMAN.

Question. Please to state your occupation.—Answer. Journalist.

Q. You have been many years connected with the Chicago Tribune?—A. Yes, sir.

Q. Have you, in the course of your studies, given special attention to questions affecting the relations of capital and labor, and to the financial question?—A. Yes, sir; I made that a principal part of my studies in preparation for journalism, and also during the period when I was actively engaged as a journalist, and I have also paid a good deal of attention to it since I retired from journalism.

Q. Have you directed your attention specially to the causes producing what is con-

ceded to be the present depression in business and the want of proper remuneration to the working classes?—A. Yes, sir; I have given a good deal of study to it. I cannot affirm that I have mastered the subject, but I have done as well as I could toward mastering it. I have studied it historically and theoretically, for a very considerable time.

The CHAIRMAN. The committee would like to have you take your own mode of stating what you believe to be the causes; and, if there are general causes affecting the condition of business all over the world and local causes affecting it in each particular country (especially this country), discriminate as far as possible between them in your statement.

Mr. WHITE. I think that the present commercial crisis is merely one of a series of similar crises that have occurred in the history of commercial nations during the past two hundred and fifty years. I can name at least a dozen such crises which have had (you may say) a world-wide fame; which have been very distressing and very far-reaching in each case; all of which have been preceded by periods of rampant and extravagant speculation, sometimes taking one form and sometimes another form. I think that the crisis of 1873 in this country took the form mainly of gigantic railway and real-estate speculations. I find that prior to 1869 the average amount of railway building in the United States was a little less than 2,000 miles a year; that in 1869 this annual increment of railway mileage rose to over 5,000 miles; in 1870 to over 6,000 miles; in 1871 to over 7,000 miles; in 1872 to between 6,000 and 7,000 miles; and in 1873 (the year of the crisis) to between 3,000 and 4,000 miles, altogether making an unprecedented increase of railway mileage in the United States. I know, as a matter of observation, that *pari passu* with this very great increase of railway construction there was an enormous speculation in lands, both in the wild uncultivated lands of the West, and in city and suburban real estate, and that, all over the country, the prices of real estate were inflated, perhaps not beyond all precedent, but beyond anything else within my knowledge. I think that that was approximately the cause of the commercial crisis. I find that in other countries, and in our own country at other periods, similar crises have been produced by similar courses of extravagant speculation.

The CHAIRMAN. Do you hold railways to be a good thing for the community?

Mr. WHITE. Yes, sir.

The CHAIRMAN. There was no railway constructed in that time that was not valuable to the people at large, was there?

Mr. WHITE. I suppose you may say there was none that was not in some way valuable.

The CHAIRMAN. All those that can be run without profit but yet paying their running expenses are valuable?

Mr. WHITE. All that can pay operating expenses are a benefit to the community.

The CHAIRMAN. Then the building of such railroads would not of itself account for the calamities that followed?

Mr. WHITE. No; but the obligations incurred by reason of the building of those railroads and by reason of the purchase of vast amounts of real estate at high prices, and the advanced prices of everything else consequent on the enormous demand caused by railroad building could not be sustained. They were utterly factitious; and the time was sure to come when the mass of obligations so incurred had to be resolved in money and eventually in gold; and the prices were such that they could not be resolved in that way at all. Thus a vast number of people became insolvent, and their insolvency caused a dislocation of trade and industry.

The CHAIRMAN. If the investment in lands and in other fixed investments was not greater than the accumulation of wealth each year in the community (in other words, if there was an annual accumulation equal to the investment), would the investment have brought about this result? Suppose the money had been accumulated out of other things in the community sufficient to pay for these things, would not business have gone on?

Mr. WHITE. It could have gone on if the people had not been in debt. But, if they had incurred obligations by reason of this enormous extension of railroads and this excessive speculation in lands and everything else, and if they could not pay in dollars what they agreed to pay in dollars, of course there would be a crisis and a dislocation.

The CHAIRMAN. But the annual accumulation of wealth in the world is at some rate or other (that is, the sum available in the community for plant, or for the construction of fixed property). Do you suppose that that amount was steady during this era you speak of—in other words, do you think that the community was investing its floating capital too rapidly—transferring active into fixed capital too rapidly?

Mr. WHITE. No, sir. You have got to measure your accumulation of wealth in something. In this country it is measured in dollars; in England in pounds sterling; that means a certain number of grains of gold or silver. If you are estimating your property at too high a figure, when the time comes that you have to settle your con-

tracts in dollars or in pounds sterling, you cannot do it. That is what a crisis consists of. An increase of fixed capital is generally accompanied by an increase of floating capital. The two things almost always go together.

The CHAIRMAN. In other words the day of settlement came, and the property with which the man had to pay was not worth what it had cost to procure it?

Mr. WHITE. Exactly; it was not worth it in dollars or pounds sterling. His promissory notes could not be paid with the proceeds.

The CHAIRMAN. Had the nature of the currency anything to do with that state of things, that a man could not make his property produce enough to pay what it cost him on paper?

Mr. WHITE. Very little, I think. I think that when the currency was increasing in volume it had a tendency to lead to speculation; but, when it ceased to increase in volume, and when it became a fixed quantity, I do not think it had that tendency.

The CHAIRMAN. This speculation took place during an era when the currency was not being increased in volume.

Mr. WHITE. Yes, mainly.

The CHAIRMAN. What induced speculation? What brought on this trouble?

Mr. WHITE. That is a pretty hard question to answer. I find that such periods of speculation do set in periodically, not only in this country, but in England, Germany, and the Scandinavian countries particularly. Much less in France, because the French are not a speculating people.

The CHAIRMAN. You think it has a moral cause?

Mr. WHITE. Very largely so.

The CHAIRMAN. It was given in evidence here yesterday that, at the close of the war, the policy of the government (confirmed by the judgment of the people) was to pay off the floating debt represented by greenbacks, and that that process of contraction went on for some time; but that, in 1867-'68, that policy was reversed, and it was decided that there should be no contraction of the floating debt, and that greenbacks should continue as they were; and it was stated that then the people of this country, seeing that the day of settlement had been postponed, were encouraged in a speculative tendency. How does that conform to your view of the case?

Mr. WHITE. That is entirely a matter of opinion. My opinion would not coincide precisely with that of Professor Sumner in that regard. But still he may be right. I find that these commercial crises and these periods of speculation come upon nations utterly regardless of the currency. They may occur in a nation where the currency is entirely gold and silver, or they may occur where there is an irredeemable currency, and no gold or silver at all. Nevertheless, the observation of Professor Sumner may be correct. I would not undertake to deny it.

The CHAIRMAN. You think that it was a moral cause (that is, a cause existing in the feeling or temper of the people at the time). Would it not contribute very largely to a speculative era when the people saw that the day of settlement had been postponed? Would not that have had its moral weight upon the community at once?

Mr. WHITE. How could there be any rise in prices from that cause, when the currency was nearly stationary?

The CHAIRMAN. We had been contracting previous to that period; and, owing to the contraction, there had been a steady fall in values. That fall ceased. In other words, the thing was reversed.

Mr. WHITE. Do you affirm (pardon me for becoming the interrogator) that the fall in prices was in consequence of the contraction in 1867?

The CHAIRMAN. I do not affirm that it was in consequence of that contraction, for I am perfectly well aware that the same fall in the value of goods took place in every other country where contraction did not occur. The fall in the price of commodities is the result of what has been going on in all countries, and we contributed our share to it by that contraction.

Mr. WHITE. At the rate of $4,000,000 a month?

The CHAIRMAN. Yes. In other words, that may have affected the feelings of our people to such an extent that they were not willing to transfer floating into fixed capital at that time, and that may have produced the era of stagnation. When stagnation ceased prices went up.

Mr. WHITE. Seeing that this contraction was to a very small amount and of only a short duration, I am inclined to think that its effect was imperceptible. It only lasted for eleven months, and amounted to only $44,000,000.

The CHAIRMAN. Then you think that this speculative era had no connection with the state of the currency?

Mr. WHITE. I said, very little. I would not undertake to draw an arbitrary line and say that it had none, but I should say that the state of the currency was a very small ingredient. I find that the same thing was going on in England at that time, and the same thing has been going on in England prior to 1866, leading to a violent revulsion in that year; and the English people had no irredeemable currency to help them on.

The CHAIRMAN. You are clear, however, that the speculative era did occur, and

that the collapse from that era brought about the present stagnation and trouble in business?

Mr. WHITE. Yes, sir. The theory of economists, as to the causes of speculative eras, is about this: that in the present stage of the world, and with its enormous productive machinery, there is a great deal more produced in a year than is consumed, and this surplus of annual products tends to bring profits to a minimum; that is, to make the profits of capital less and less every year. When capitalists find their profits diminishing, they are driven to extremities to find a use for their capital; and that leads them to go into untried experiments and new and distant investments. They go out into the world, farther back into the prairies and woods, to find something to do with their surplus capital; and the era of speculation usually starts in that way. I think that history shows that to be so. For example, the great crisis of 1825 in England, was preceded by a vast extension of the commerce of England to South America, and an enormous expenditure of capital to find profitable investment, particularly in South America and Mexico. So many goods were sent to Rio, for instance, that the warehouses could not contain them, and large quantities rotted on the wharves.

The CHAIRMAN. Then you think that it is the accumulation of capital that brings about speculative eras?

Mr. WHITE. I think it is the accumulation of capital acting upon the sanguine temperament of certain races of people that brings about speculative eras. The French are not a sanguine race of people. They generally hoard their savings, and for that reason they are very little subject to these commercial crises. They had no commercial crisis in France in 1873 or at any time since, but they have had great depression in business. That is attributable to the fact that the consumers of their products in other countries have been generally impoverished, and therefore the French are not able to sell their products in such large quantities or for such good prices as formerly.

The CHAIRMAN. The real question is, here, what are the causes of this depression in business, and whether they are causes that may be removed by legislation. That is the problem, of course, which we are seeking to solve. France has suffered in exactly the same manner as England, the United States, and Germany.

Mr. WHITE. Not in the same manner.

The CHAIRMAN. In what respect does France differ from those countries?

Mr. WHITE. The English and American people have suffered by a genuine commercial panic and revulsion; and the French people have not suffered in that way. They have suffered by a gradual diminution of their trade—a slow, gradual diminution of their trade, and principally of their foreign trade.

The CHAIRMAN. You mean a fall in value?

Mr. WHITE. Yes.

The CHAIRMAN. Not a fall in quantity?

Mr. WHITE. I do not think there has been a fall in quantity; but I mean a diminution in the returns which they get for their labor.

The CHAIRMAN. In that state of things, if there had been only a fall in value and not a fall in quantity, there ought not to be any shrinkage in the demand for labor in France; and yet that is precisely one of the things which the French legislative commission has been inquiring into, and it has reported that there has been a great dearth of employment in France, and that great difficulties have been produced by it.

Mr. WHITE. Is not that a dearth in wages, not in employment?

The CHAIRMAN. No. In Lyons and other manufacturing cities in France there has been a difficulty to get employment.

Mr. WHITE. Then there must have been (contrary to my supposition) a decrease in their export trade. I have inferred from what you said that the foreign trade of France, so far as quantity was concerned, had not diminished. I am not perfectly informed on that point. If it has not diminished, then it is a fall in wages, not in employment.

The CHAIRMAN. So far as the committee has any knowledge on the subject, the difficulty seems to have been the same in regard to employment in all the great commercial countries—Germany, France, England, and the United States; but, as you have said, affecting France at a much later period than other countries. The difficulty came in there more slowly; but it has reached there. Whether the quantity of French exports has been diminished during the last year or not, I am not able to say; but, during the previous years, it was not diminished. I suppose it must be diminished now, especially in the silk business.

Mr. WHITE. Silk is an article of luxury, and people will economize on all articles of luxury, before they will economize on articles of necessity, as a matter of course.

The CHAIRMAN. You attribute the depression of business in this country to the one general cause of the collapse from a speculative era?

Mr. WHITE. Yes; because the obligations incurred during that speculative era could not be paid off in dollars and pounds sterling.

The CHAIRMAN. And you think that that is entirely independent of the question of

currency, and that there would have been the same kind of shrinkage, whether we were on a gold basis or on an irredeemable paper money basis?

Mr. WHITE. I do.

The CHAIRMAN. Do you think that the introduction of machinery so largely into this and other countries has had anything to do with the breaking up of the speculative era, or with the crisis that followed the speculative era?

Mr. WHITE. Not necessarily. That is a continuing cause. It is not peculiar to any one era. It goes on during periods of great speculative excitement just as at any other period. Anything superior to one's finger-nails is a machine.

The CHAIRMAN. Does it not go on more rapidly? Is there not an inducement to engage in manufactures when prices are high that induces a large extension of mechanical power?

Mr. WHITE. There is; and during periods of great depression there is an equal incentive on the part of manufacturers to cheapen their processes by the introduction of new machinery. That is going on all the time to a very great extent. To stop it you must first extinguish the human intellect.

The CHAIRMAN. Nevertheless, in many branches of business during the period of high prices, there was an enormous increase in the productive power of the country?

Mr. WHITE. Yes.

The CHAIRMAN. And that increase of productive power is not going on now?

Mr. WHITE. The increase in productive power went on during the war to an enormous extent—to an extent that could not have been anticipated, I imagine, by anybody. That leads me to remark that I am not able to agree with those who affirm that there was great destruction of capital during the war. I do not think that there was any considerable destruction of northern capital during the war. Capital consists of fixed and floating capital Fixed capital consists of buildings, machinery, factories, railways, steamboats, warehouses, &c., and floating capital consists of consumable commodities. We know that fixed capital in the north was not destroyed during the war. It was not subjected to the scourge of victorious armies. Whatever fixed capital was worn out during the war was replaced during the war. The floating capital existing at the beginning of the war was no more than sufficient to supply the ordinary needs of the population for about a year.

The CHAIRMAN. Did we not incur during the war a very large foreign debt?

Mr. WHITE. Not a large *foreign* debt.

The CHAIRMAN. At the close of the war, how much did we owe abroad?

Mr. WHITE. Not more than one-tenth of our national debt, in my judgment, had been taken abroad at the close of the war.

The CHAIRMAN. Since the war much more than that has been held abroad?

Mr. WHITE. Yes. As soon as the war ended and foreign capitalists discovered that we were firmly established as a government, they began to purchase our bonds very largely—not only national bonds, but railway and State and city bonds, to a very large extent; but they did not do so during the war.

The CHAIRMAN. Were not the Germans very largely buyers of our national bonds during the war?

Mr. WHITE. Yes; during the last year of the war, but not before. Holland and Germany then began to buy our bonds on speculation rapidly. But during the four years' period of the war there was no great sale of our bonds abroad.

The CHAIRMAN. You would say that the fixed capital of the North was increased during the war, notwithstanding the withdrawal of the large body of men who were employed in our armies?

Mr. WHITE. Yes; to some extent.

The CHAIRMAN. And you would say that the floating capital was not reduced in any way?

Mr. WHITE. It was not materially reduced.

The CHAIRMAN. And we did not get anything worth speaking of from abroad during that period?

Mr. WHITE. Yes. Therefore I say that there was no great destruction of capital during the war. What was destroyed was simply some of the natural resources of the country, such as coal, iron, copper, and lead taken from the bowels of the earth. That was taken out and destroyed, and can never be used again.

The CHAIRMAN. If that same army of a million of men had been employed in productive labor, would not the country have been richer at the close of the war?

Mr. WHITE. Certainly; if there had been a market for their products.

The CHAIRMAN. These same men would have eaten only what they did eat as soldiers?

Mr. WHITE. Yes.

The CHAIRMAN. And the fruits of their labor would have remained in some form of permanent value?

Mr. WHITE. Yes; if they had produced more than they consumed.

The CHAIRMAN. If the government had taken that million of men and set them to

building a railway to the Pacific, opening canals, and putting up public buildings, and had fed them with the same food as it fed them with as soldiers, would we not have been richer to the extent of the railways, canals, and public buildings?

Mr. WHITE. Yes; on that hypothesis we would. But, supposing that the government had kept to its own business and left these enterprises to be undertaken by private capital, they might have been undertaken or might not have been; I do not attempt to say.

The CHAIRMAN. That raises the whole question. If it turns out that when the government does not stick to its own business the country grows richer than when it does, it raises the fundamental question whether we have got the kind of government that we ought to have. That is the problem submitted to the committee—whether we can recommend some improvement in the government, so that it will take these idle people and employ them, and so that the country may become richer. How far can the government intervene and become the employer of labor (as it was the employer of labor during the war from necessity); how far can it intervene in that direction with advantage to the community?

Mr. WHITE. I do not think that the government can do anything in that direction. I agree entirely with the remark of Professor Sumner yesterday—that when the government undertakes a job of that sort, there is no place for it to stop. There is nobody to say what employment I shall be engaged in, or how much money I shall earn. I may want to build a railroad to the Pacific, and if I do, have I not as good a right to the government means and the government credit as anybody else has?

The CHAIRMAN. But you seem to have made a very powerful argument to the committee to show that when the government did act as the employer of a large body of men the country grew no poorer, but that, on the contrary, it was better off at the close of the war in material wealth than it had been when the war began. That argument is one which the committee has got to accept so far as it has value, and it has got to be answered or else accepted.

Mr. WHITE. I did not say that the North was any better off at the close of the war.

The CHAIRMAN. You said that it was as well off.

Mr. WHITE. I simply said that there was no considerable destruction of capital during the war, and I think I can prove that to a mathematical certainty.

Mr. THOMPSON. I did not understand you to say or to intimate that the natural increase of capital had gone on in the north during the war.

Mr. WHITE. I did not say that.

The CHAIRMAN. I understood you to say that we did not suffer by the destruction of capital during the war. I did not understand you to say that there was any increase in capital; although, on the line of your argument, that there were more railways and more factories and that there was no diminution of floating capital, there must have been an increase.

Mr. WHITE. I told you that from 1859 to 1869, the average annual increase of railway mileage was less than two thousand miles. I presume that except in certain special branches of trade which were intimately connected with war and the appliances of war, the increase of capital in the north during the war was not so great as it would have been without the war. Indeed I am quite sure of that.

The CHAIRMAN. When the war broke out there was a certain stock of bullion in this country—gold and silver—was there not?

Mr. WHITE. Yes, sir.

The CHAIRMAN. What became of it during the war?

Mr. WHITE. It was principally exported.

The CHAIRMAN. We were large producers of gold and silver during the war?

Mr. WHITE. Yes.

The CHAIRMAN. What became of that?

Mr. WHITE. It was exported also.

The CHAIRMAN. Then we were poorer to the extent of our stock of bullion?

Mr. WHITE. I told you that the minerals dug from the earth during the war were lost. They cannot be reproduced. Agricultural products, cotton, tobacco, domestic animals, &c., can be reproduced.

The CHAIRMAN. Must we not replace this coin before we have a permanent or regular era of prosperous industry?

Mr. WHITE. Yes, sir. The stock which we had at the beginning of the war was estimated by Secretary Chase at $200,000,000. I never could succeed, in my researches, in making out more than $125,000,000. That, you may say, was sent abroad and spent in gun-powder; and that was lost. That is destruction.

The CHAIRMAN. Do you think that that is the limit and extent of the loss which we suffered then?

Mr. WHITE. It is all that I can think of just now. I know that if there had been any considerable destruction of the floating capital (the consumable commodities) in the first year of the war, there would have been a vast deal of distress in the community; but there was no distress. The stock on hand was no more than sufficient for

the ordinary requirements of the population in time of peace. What happened during the war was an extraordinary expenditure of productive energy. The national resources were used to their utmost possible limit.

The CHAIRMAN. Do you not know that the accumulated stock of everything disappeared during the war, and that at the close of the war there was no accumulation whatever?

Mr. WHITE. I do not know.

The CHAIRMAN. Was not that a loss of so much floating capital?

Mr. WHITE. No; because it was reproduced all the time.

The CHAIRMAN. Suppose that we had a thousand millions of accumulated stock at the commencement of the war, and that at the close of it we only had a hundred millions' worth?

Mr. WHITE. Then the difference would have been lost.

The CHAIRMAN. As a matter of fact I think that at the beginning of the war the manufacturers had a large stock of goods on hand; and, at the close of the war they had no stock.

Mr. WHITE. Then the difference between the two was the loss during the war.

The CHAIRMAN. Does it not take a certain volume of stock of all kinds of goods to be on hand to keep the community properly supplied?

Mr. WHITE. Yes.

The CHAIRMAN. And that stock was lost?

Mr. WHITE. Perhaps.

The CHAIRMAN. Then that would have to be made up?

Mr. WHITE. Yes.

The CHAIRMAN. Do I understand you that the making up of that loss is an element tending to the activity of business or to the depression of business?

Mr. WHITE. That tends, of course, to produce activity in business.

The CHAIRMAN. Then may not that have been one of the causes of the speculative era which you have described—the era of activity in the building of railroads and other investments of which you spoke?

Mr. WHITE. Yes; if the facts are as you state (that there was a great surplus at the beginning of the war, and that there was no surplus at the end of the war), the replacing of the difference would have tended for a short time to produce an era of speculative activity.

The CHAIRMAN. At the time the crisis took place everybody had pretty large stocks of goods on hand, and they have continued to be large from that time to the present—and that may have been one element. Now, in addition to these causes, do you see any local causes peculiar to ourselves that have tended to bring about this depression in business?

Mr. WHITE. Yes; I think that the railway speculation and the real-estate speculation together were mainly local to the United States. There was no great increment of railway mileage in England or Germany, I think, during that period—nothing like ours. The railway mileage of the United States was nearly doubled during this short period that I speak of.

The CHAIRMAN. What effect, in your judgment, has the gradual approximation of our paper money to the gold value produced on business? What has that had to do with it? Is it the result of the panic or is it the cause of the shrinkage?

Mr. WHITE. It is a result, most certainly.

The CHAIRMAN. That is to say, that if the speculative era had continued the premium on gold would probably have continued?

Mr. WHITE. Yes, sir.

The CHAIRMAN. And the fact that the speculation collapsed caused what?

Mr. WHITE. That fact caused the turn of the foreign trade in our favor. We ceased to import capital from abroad. Our exports, consisting of articles of prime necessity, not only continued in the same volume as before, but increased steadily, until they have now reached an excess of more than $200,000,000 in one year.

The CHAIRMAN. Then you think that the shrinkage (in other words, the approximation of gold to the same level as paper) is due to the fact that the current of our foreign trade is changed?

Mr. WHITE. Precisely so.

The CHAIRMAN. Then this shrinkage which has swept the debtor class out, forced it into bankruptcy, and produced this distress to the country is the result of a cause which is—healthy or unhealthy? That is to say, the increase of exports and the diminution of imports.

Mr. WHITE. It is most decidedly healthy.

The CHAIRMAN. Then what we are going through is a process of cure?

Mr. WHTE. Yes; emphatically.

The CHAIRMAN. And any attempt to get back where we were by an increase of currency, so as to make the difference between the value of gold and paper what it was, would it be an injury or a benefit to the country?

Mr. WHITE. It would be a great injury to the country. It would be a Herculean task, anyhow. It would puzzle the wisest (or the most foolish) of our members of Congress to devise any plan to do it. There is just one plan, and only one, by which it can possibly be done, and that is, if Congress should undertake a vast amount of public works (which very many people demand) and should pay for them by issuing new greenbacks to the contractors, then you may bring it about; but in any other way than that I do not see how it can be done.

The CHAIRMAN. Suppose that this committee should recommend to Congress, as a solution of the trouble, that the government should undertake great public works and should pay for them in paper stamped "This is one dollar" or "This is one thousand dollars"—what do you think would be the consequence of the issue of that money?

Mr. WHITE. I think that national bankruptcy would be the first thing, and pretty nearly universal bankruptcy the next thing—public and private bankruptcy.

The CHAIRMAN. Let us see the process. We pay this paper money out at a moderate rate. How would this national or individual bankruptcy come about? What would be the effect on the prices of commodities of paying out this paper money?

Mr. WHITE. People would sell their property and their labor for that money at what they thought the money was worth for the time being, and if this paper was legal tender and could be forced on creditors, it would run long enough to discharge the greater part of the debts that are due to-day; and it would ruin the people who would be obliged to take it. Then the value of the paper afterward would be what anybody might choose to put upon it. It could not have any fixed value.

The CHAIRMAN. Would not people incur new debts very rapidly, foreseeing that this paper money was going to depreciate; would there not be a desire to run into debt and get property?

Mr. WHITE. I have not thought that out very far, and I would not like to give a hasty opinion about it; but I should suppose that people who could get houses and farms for that kind of paper would be very anxious to do so. The question would be whether anybody who owned houses and farms would part with them for that kind of paper.

The CHAIRMAN. But those to whom debts were due would be compelled at the outset to take payment in this paper.

Mr. WHITE. Yes. That would be equivalent to a forced division of property, a division of property on a communistic basis, veiled under the forms of law.

The CHAIRMAN. The result would be, as I understand you, that the creditor would be compelled to take payment in something less valuable than he expected, and, therefore, would have less property; and that the debtor, paying his debt in something less valuable than he expected, would have more property.

Mr. WHITE. Yes, sir.

The CHAIRMAN. It would be a transfer of property, to that extent, from the creditor class to the debtor class?

Mr. WHITE. Yes.

The CHAIRMAN. Do you think, from your study of this question, that the debtors or the creditors are in a majority in this country (I mean, of course, the net debtors and net creditors)? Which would gain the most, in point of numbers, in that process?

Mr. WHITE. I cannot answer that question. Everybody is in debt more or less.

The CHAIRMAN. And they also have debts due to them, and it is a question of balances?

Mr. WHITE. Yes. I should say that the net result would be very disastrous to all except insolvent debtors.

The CHAIRMAN. Insolvent people would become solvent; but, on the other hand, solvent people would become insolvent?

Mr. WHITE. Yes.

The CHAIRMAN. They would just reverse positions?

Mr. WHITE. Yes.

The CHAIRMAN. If the positions were reversed, would the community be any better off?

Mr. WHITE. No; it would be much worse off.

The CHAIRMAN. Would the thrifty and industrious people who have saved be likely to keep their property?

Mr. White. Judging the future by the past, I should say not. I was looking the other day over the list of failures for the last five years, as published by Dun, Barlow & Co., and I found that the failures for the past five years were about 37,000 out of 680,000 firms in business. Now the number of insolvent debtors (taking that as an index of the whole community) is less than six per cent. of the whole.

The CHAIRMAN. I can also say, in the same direction, that I took occasion recently to look over the books of my firm to see the percentage of persons dealing with us who have failed since 1873, and I found that the number of failures does not amount to 2 per cent. of the whole number of persons dealing with us. Hence, I conclude that the solvent people of this country are much more numerous than the insolvent.

Mr. WHITE. You may be an exceptionally prudent merchant.

The CHAIRMAN. Not at all; but I fancy that the percentage of insolvent persons is much less than 10 per cent.

Mr. WHITE. The tables of Dun, Barlow & Co. show it to be less than 6 per cent.

The CHAIRMAN. This experiment of putting out legal money receivable only for taxes and not redeemable in gold and silver has been tried in the world several times, has it not?

Mr. WHITE. Yes, it was tried in France, and it was tried in the Southern Confederacy very fully during the war.

The CHAIRMAN. How about the experiment during the revolutionary war in this country?

Mr. WHITE. Yes, it was tried then.

The CHAIRMAN. And in all the cases that you know of, the attempt to make legal-tender paper money not redeemable in coin has always failed?

Mr. WHITE. The money has become utterly worthless.

The CHAIRMAN. Do you see anything in the condition of things in this country, or in the power of legislation that resides in Congress, to prevent the same thing occurring again if it was attempted here?

Mr. WHITE. Nothing whatever.

The CHAIRMAN. Have we discovered any new financial principle that has not been heretofore broached, advocated, and tried?

Mr. WHITE. No, sir; nothing.

The CHAIRMAN. During the two hundred and fifty years through which you have studied this financial question, have these same doctrines been repeatedly proposed, and finally got into use, and have they not always resulted in collapse and disaster?

Mr. WHITE. Over and over again.

The CHAIRMAN. Do you know anything about the financial condition of China?

Mr. WHITE. I do not; I bought Vissering's Chinese Currency the other day, but I have not read it yet.

The CHAIRMAN. Then I have the advantage of you, for I have read it; and I may state as a matter of fact that during a period of a thousand years, the same thing has been tried three times in China, and always with the same result. It has always been advocated by the same arguments, and has always ended in the same way. And as the Chinese have managed to support a larger population than any other nation, I suppose that their experience must be of some value. Now, there is another suggestion made. It is suggested that one cause of the difficulty among what is known as the laboring classes (I mean those who work for wages) is the immense tax levied on them by the necessity of paying the interest on the national debt in gold, and it is proposed as a remedy to pay off the national debt with non-interest-bearing notes—legal-tender notes, receivable by the government for taxes and dues of all kinds, but not payable in any other form than that—this paper to be the currency of the country and the interest on the national debt to be thus saved. What do you think would be the effect of that sort of legislation?

Mr. WHITE. That is repudiation of the public debt. That is offering the holder of an interest-bearing security a non-interest-bearing security of the same government.

The CHAIRMAN. These gentlemen say, "Why not repudiate the national debt? What obligation is there resting on these people to pay the national debt? There ought not to be any national debt. Why not pay it off in that way, giving the bondholders a representative of value, and let them take it? It will pay debts, it will pay taxes." There would be a loss by that process. On whom would that loss fall? That is the point.

Mr. WHITE. It would fall upon everybody, I think, because it would lead to anarchy. It would dissolve the bonds that hold society together—the bonds of honor. Society ultimately rests on the form of government that exists in the country; and if we destroy all confidence in the honor of the country, I do not see what else we have got to hold society together.

The CHAIRMAN. Of course the business of the country depends upon the use of capital. A great deal of capital is movable capital. What would happen to that movable capital if such a proposition were carried out?

Mr. WHITE. It would get out of the way as fast as it could.

The CHAIRMAN. It would retire from the country?

Mr. WHITE. It would retire from the country.

The CHAIRMAN. What would be the effect of that on the employment of labor?

Mr. WHITE. I should say that it would throw ten men out of employment where there is one man now out.

The CHAIRMAN. Would any prudent business man who had capital be willing to let his capital go out of his possession at all?

Mr. WHITE. No, sir; the community would find itself dissolved. It would be in such a state of anarchy and chaos that it would soon have to begin right over again,

form a new government, and commence by reassuming the debt which it had repudiated. You cannot have a government in this country in any other way.

The CHAIRMAN. There have been nations that have passed through that experience; for instance, France in the French Revolution, the United States in their Revolution. The Southern Confederacy passed through it too, but it has not been able to rehabilitate itself. Did France and the United States reassume the debt which had been repudiated? They reorganized society successfully, but did they reassume the debt?

Mr. WHITE. No, sir; they did not reassume the debt; and the reason why was because they could not. This, however, would be a case where a country that is abundantly able to pay its debts voluntarily repudiates them. The other two were cases where it was absolutely impossible for them to pay their debt; they were cases of bankruptcy; but this would be a case of repudiation—a vast difference; the difference between misfortune and rascality.

The CHAIRMAN. That brings us to the point that society may be so badly constituted that it ought to be dissolved; and, if it be dissolved, what is the course to be taken in order to reconstruct it? The reconstruction proposed is by some called co-operation and by some called communism, but the general theory is that the government is to be the owner of all the fixed capital in the country, to employ the people and distribute the proceeds of industry among them all, so that everybody can get a fair share. Do you know, in the experience of mankind, whether any attempt has ever been made to carry on society on that theory?

Mr. WHITE. No, sir.

The CHAIRMAN. There is no guide for us in that direction?

Mr. WHITE. No, sir; simply because it could not be done.

The CHAIRMAN. If you can make it perfectly clear that it cannot be done, perhaps that would help us a little on our road to a solution. These gentlemen of whom I speak decline to accept the assurance that it cannot be done, because they think that it can be done.

Mr. WHITE. There are, I suppose, from 50 to 100 persons in this room. How many of that number would submit their talents, and their property, and their labor to the direction of government? I suppose this is an average representation of the American people. How many of them will consent to do that? because you have got to have their consent first.

The CHAIRMAN. Do you propose that we shall take a vote now and see how it will stand?

Mr. WHITE. It would not alter my opinion if they should vote against me.

The CHAIRMAN. You do not think that they would be willing to pool their property and have a new subdivision?

Mr. WHITE. I do not think they would.

The CHAIRMAN. You would be unwilling to pool your property?

Mr. WHITE. I would be unwilling to pool either my property or my services.

The CHAIRMAN. Do you think it possible by any legislation to alter the distribution of the proceeds of industry?

Mr. WHITE. I think it might be done to some extent by the taxing power.

The CHAIRMAN. Is there any other method than the taxing power by which the distribution of the proceeds of industry can be altered?

Mr. WHITE. None that I know of.

The CHAIRMAN. Do you think that the method exercised by the government in the taxing power has altered the distribution unfavorably to the working classes?

Mr. WHITE. That involves the great tariff question, and I do not know whether the committee wishes to go into that.

The CHAIRMAN. If the principle on which the tariff is constructed produces that result, it is exactly the question which the committee wishes to enter into. We are here to discover the causes that have brought about this depression, and to remove the causes by legislation if possible. The tariff is a thing purely of legislation; therefore there is nothing more important than that. I see it has been said that I refused the other day to hear the discussion of the tariff question. That is not the fact. A witness offered to read to us a detailed tariff bill, and the committee declined to go into those details; but the committee never declined to hear a discussion as to the operation of the tariff on business and labor. On the contrary, the committee looks upon it as a most important subject.

Mr. WHITE. I think that a tariff can alter the distribution of property to the detriment of a portion of the community. I think that an article of necessity (such an article as quinine, for example) is made artificially high by the tariff; so that people who have fever and ague have to pay more for the quinine than they otherwise would. That is a distribution of property to the disadvantage of the sick people.

The CHAIRMAN. But if, by the imposition of that duty, the man who buys the quinine gets a higher rate of wages than he would otherwise get, is he not better able to pay a higher price for the quinine?

Mr. WHITE. If, by reason of that, he gets exactly a high enough rate of wages to cover the difference in the price of the quinine, of course, it makes no difference to him.

The CHAIRMAN. What is your opinion as to the effect of protective duties on the wages of labor? Do they raise wages or not?

Mr. WHITE. I think they do not.

The CHAIRMAN. You think that the protective system raises the prices of commodities which the laborer buys, but does not raise the wages themselves?

Mr. WHITE. I think that, in certain cases, it does raise the price of commodities which we have to buy. I do not think that it permanently raises the price of articles the production of which is adapted to the natural condition of the country.

The CHAIRMAN. If it did not raise the price of labor, what is to prevent you from going into the manufacture of quinine and taking a share of the immense profits growing out of that manufacture, until, by competition, the profits are brought down to the usual profits of business? Why is not the price brought immediately down by competition to the general level?

Mr. WHITE. I think it would be. I said that the protective system would not permanently raise the profits.

The CHAIRMAN. In fact, is quinine dearer here than it is in France, or England, or any other country?

Mr. WHITE. Yes; I have been told so by doctors. I have not investigated the subject myself, but I have been told that it is a great deal dearer.

The CHAIRMAN. Then why do not other people go into the manufacture of quinine and bring down the excessive price, if there are such large profits? The business is open to everybody.

Mr. WHITE. I do not know. There may be some peculiarities in the trade.

The CHAIRMAN. I know that in the branches of business with which I am familiar people are free to go in and make what profits they can, and they have gone in so freely that the business now is not of any value to anybody; and I suppose the same rule apples to quinine. Now, unless the prices of these protected articles are made permanently dear to the consumer, and if his wages are correspondingly increased, how does he suffer?

Mr. WHITE. I think that it tends to produce an abnormal condition of things. I think that a protective tariff temporarily stimulates a particular industry and leads an excessive amount of capital into that business (just as it has done into yours), and eventually leads to bankruptcy and loss of employment.

The CHAIRMAN. But in England an excessive amount of capital went into the iron business at the same time that an excessive amount of capital went into that business in this country, and in England there is perfectly free trade, notwithstanding there was an abnormal diversion of capital into the iron and steel business. Was that not rather due to the speculative era, which created this enormous demand for iron, than to the tariff or to free trade?

Mr. WHITE. I am perfectly willing to admit that. I did not select the iron trade as an example. I am speaking about the usual tendencies of a protective tariff. In regard to the existing state of the iron trade, which is in a great depression all over the world, the speculative era, the railway era, that we have been discussing, was undoubtedly the cause of the excessive investment of capital in that branch of business. When the demand for iron ceased or fell off at the beginning of the panic, a large number of iron establishments had to close up.

The CHAIRMAN. The same state of things prevails in regard to the cotton business. There is the same depression in regard to the cotton business as there is in regard to the iron business. The building of railroads, of course, demands more cotton shirts for the laborers; but still these same men are wearing most of the cotton shirts yet. Now, if that depression had occurred locally here, and had not occurred there, then it might be fair to set it down, undoubtedly, to the tariff; but free trade exists in England. On the other hand, it is also clear that the protective system which we have in such powerful operation in this country did not protect us from the same depression that exists there. Therefore, there must be some cause, entirely independent of the tariff and entirely independent of free trade, to bring about this depression in business; for we in this country have not been protected against it by the protective system, nor have the English failed to suffer in the same way because they have free trade.

Mr. WHITE. I have not stated it in that form; that the tariff was *the* cause or even *a* cause of the existing depression in business. You asked me whether there is any form of legislation to cause a laboring man to receive less wages than he was entitled to, and I named the tariff as one of them. That is rather a different question from the one we are now discussing.

The CHAIRMAN. Accepting the situation as we find it, can we do anything in the way of a modification of the tariff which would tend to hasten the termination of this era of depression? Can we help ourselves by any legislation on the tariff subject?

Mr. WHITE. Yes; I think we can very decidedly. A vast number of articles in the

tariff that are the raw materials of manufactures are prevented by high duties from coming into the country. They are not prevented entirely, but their cost is very much increased to the manufacturer. If those taxes were removed, so that manufacturers could get their raw material at less cost, they could sell their produce in the markets of the world at lower prices and could compete with other countries; compete with England for example. I do not say that we can compete on equal terms in all respects with England; but this is a wide world, and there must be a great many places where we can sell goods at 90 cents, but where we cannot now afford to sell them at less than a dollar.

The CHAIRMAN. Assuming that that was done and that we commenced this export trade to other countries, would we not be met in the markets of the world with the goods already supplied by Great Britain and other countries, and would we not have to compete with them for those markets?

Mr. WHITE. We would have to compete with them, undoubtedly

The CHAIRMAN. Would not the supply in those markets increase and the prices fall correspondingly?

Mr. WHITE. Yes, in some cases.

The CHAIRMAN. And would it not come back to exactly the same state of things?

Mr. WHITE. In some cases probably it would and in some it would not. We cannot tell till we try.

The CHAIRMAN. Must not consumption be stimulated in advance of the increase of supply, and in order to induce the increase of supply? If we send more supply than there is consumption for, does it do good to anybody, except to the consumer, by putting down prices?

Mr. WHITE. But you cannot stimulate consumption unless you offer to supply cheaper.

The CHAIRMAN. There is a certain price for any article you like in the market, say 10 cents a yard for cotton. The market is now supplied by Great Britain. We take off all duties interfering with the production of cotton goods, and we proceed to that market with our cotton goods in competition with Great Britain. As a matter of course, the supply being increased, the price will fall to 9 cents or to 8 cents a yard. If we are to keep our ground in that market, we must be able to supply it at 8 or 9 cents a yard; and, in order to do that, we must reduce the cost of our manufactures. Now, where will the reduction come and on whom will it fall?

Mr. WHITE. There are a great many things in which the reduction may come. You can improve the processes of production (and that this country has certainly done). We make better goods than England—perhaps not at the same money—but the cotton goods that are made in this country are a better article than those made in England. Now, if we make a better article for the same money, we have the advantage in the market.

The CHAIRMAN. But how soon will the people of Great Britain catch up with us, as they do catch up with us in everything where we get ahead of them? It is a race all the time. How long will that superiority last?

Mr. WHITE. That is competition. That is what we understand as competition.

Mr. CHAIRMAN. Where do the ultimate results of that competition fall? Must you not get down the wages of labor in this country to the rate of wages in England, as one of the elements of cost? Is there any other way to do it? Has not that been the history of all industries—that competition reduces the wages of labor?

Mr. WHITE. I do not think it has. I think that the wages of labor have increased within the last two hundred years.

The CHAIRMAN. Yes; the purchasing power of wages has increased.

Mr. WHITE. And the money-wages too. What do you mean by the use of the word "purchasing power"?

The CHAIRMAN. I mean that a day's labor will buy more of the necessaries of life now than it did two hundred years ago.

Mr. WHITE. Yes. That is all that there is in the problem, anyhow.

The CHAIRMAN. I suppose that the condition of the laboring man has been greatly improved within the last two hundred years.

Mr. WHITE. Yes; not only of laboring men, but of all other men. I was reading the other day Rogers' History of Agriculture and Prices in England, and I came across an inventory of the furniture in the house of an English nobleman of the thirteenth century, which it was said was an average inventory, too. It did not contain as many conveniences and luxuries as the house of an ordinary laboring man in Great Britain does to-day; nothing like so many.

The CHAIRMAN. That undoubtedly is due to the productive power of machinery.

Mr. WHITE. Yes, sir.

The CHAIRMAN. Therefore machinery is a blessing to the laboring men and not an injury?

Mr. WHITE. Take it altogether it has been a blessing. There have been a great many individual instances of hardship resulting from the introduction of machinery.

The CHAIRMAN. The competition between countries and people reduces the wages of labor; but there is another force at work increasing the production, and so rapidly, that notwithstanding the competition the laborer is steadily gaining in comforts of every kind.

Mr. WHITE. Yes; I have no doubt of that whatever.

The CHAIRMAN. Now, in regard to the tariff, do you recommend the abolition of all duties on raw materials as far as possible?

Mr. WHITE. Yes.

The CHAIRMAN. Would you go so far as to recommend the imposition of duties on what are known as luxuries—tea, coffee, and sugar—which would be practically a tax upon production, not upon consumption?

Mr. WHITE. I should. Those taxes yield a maximum of revenue at a minimum of cost.

The CHAIRMAN. You are in favor, then, of taking off all protective duties on all the staple articles of industry?

Mr. WHITE. I would not recommend a sweeping reduction of protective duties. I think it should be gradual and even very gradual. I do not believe in striking down large industries that have been established on the faith of existing laws; but I think that they ought to receive notice that there was to be a gradual reduction of duties.

The CHAIRMAN. Granted that any change shall be gradual, how would they be stricken down? If we had as much advantage for the production of iron in this country as Great Britain has, why would not my iron business go on? If I can make my iron with as little physical labor as the English can, why should not my business go on?

Mr. WHITE. It would go on.

The CHAIRMAN. Unless the laborer here gets more pay for his day's labor than the laborer in Great Britain gets.

Mr. WHITE. Unless he gets enough more to counterbalance the cost of transportation.

The CHAIRMAN. Would not the inevitable effect of this system be the equalization of wages between this country and England?

Mr. WHITE. There will be always the cost of carriage to make up for a difference in wages.

The CHAIRMAN. I suppose you are aware that iron is brought over in ballast sometimes as low as two and sixpence a ton, which is less than I can have it carried in this country for ten miles, so that the item of transportation from England is merely nominal.

Mr. WHITE. But I think we have cheaper coal here than they have.

The CHAIRMAN. Not at the iron-works, I fancy.

Mr. WHITE. I think so.

The CHAIRMAN. At the present time?

Mr. WHITE. Yes; I looked into that four months ago.

The CHAIRMAN. I have been looking into it every week. I know of no iron-works in this country where they can get coal any cheaper than it can be got at Newcastle, in the great iron region of England.

Mr. WHITE. Do you not think that we get it cheaper at Scranton?

The CHAIRMAN. Yes.

Mr. WHITE. And at Pittsburg?

The CHAIRMAN. Yes; but there iron ores are dearer.

Mr. WHITE. Do you not think they get it cheaper in Eastern Tennessee?

The CHAIRMAN. Yes; they get it cheaper in Eastern Tennessee, because there the coal and the ore are together; but Eastern Tennessee is far away from the market. The cheapest place in the world for coal and ore, where there is transportation, is the Middleborough region in England, and to-day pig-iron is sold there for $8 a ton without loss to the manufacturer, while there is no region in the United States where pig-iron can be produced for less than $10 a ton. Now, no more days' labor enters into the American cost of pig-iron than into the English cost; and the reduction, therefore, will come by the equalization of wages in the two countries. I see nothing impossible in it; but the logical consequence is that the rates of labor must be equal in the two countries, and I see further that, without any extraordinary legislation, they are being equalized.

Mr. WHITE. All that tends to show that there are other elements besides wages which are to be taken into the account.

The CHAIRMAN. Is not that one form in which the reduction must come?

Mr. WHITE. Yes.

The CHAIRMAN. On the other hand, you hold that the purchasing power of wages will be fully equal to what it now is?

Mr. WHITE. I cannot say that it will be exactly the same. I cannot speak to a nicety on that question. I should think that the purchasing power of wages would increase

with the reduction of general prices. I know that a dollar buys a good deal more now than it did in 1870.

The CHAIRMAN. How about 1860? Will a dollar now buy as much for a workingman as it did in 1860?

Mr. WHITE. I think so.

The CHAIRMAN. Have you examined the question?

Mr. WHITE. I have not examined it closely enough. I have not gone into the details sufficiently to make an exact statement, but I have casually examined the question.

The CHAIRMAN. The committee has made an arrangement to have testimony on that subject; but I wish to say here that it was stated in evidence in the first week of the examination that the laboring men are not getting their supplies from the grocers at as low a rate now as they did in 1860. The fact was testified to by workingmen that while the wholesale prices are down, the retail prices have not come down to a corresponding figure.

Mr. WHITE. I have not gone into the retail prices at all. I have only looked at the wholesale prices.

The CHAIRMAN. How far, in your judgment, is the disturbance which exists due to a large class of middlemen who have to live out of the profits of labor? Do you think that that class is excessive?

Mr. WHITE. Yes; I think that the proof of it is that thirty-seven thousand of them have gone out of business during the last five years.

The CHAIRMAN. Driven out by what?

Mr. WHITE. By bankruptcy. That means that there have been thirty-seven thousand men in the business more than could make a living out of it, and I think there are a great many more who have to go yet.

The CHAIRMAN. Ought we to attempt by legislation to interfere with such a natural process, by which the unnecessary middlemen might be driven out of the business?

Mr. WHITE. You could not do it if you tried, and I should think it most unwise to make the attempt, and unjust. Who is to select what man is to go out of the business and to go into something else?

The CHAIRMAN. Yet the complaint is that this is a great evil, that many meritorious and worthy people are ruined by the course of the government in shrinking up the currency; and that that has produced the result that these people were earning a good living prior to the contraction of the currency; and that they are being now driven off by the policy of the government in resuming specie payment. Is it possible to avoid coming to specie payment in a country that undertakes to do a large business in the markets of the world?

Mr. WHITE. The assumption that the fall in the price of gold, or the decline in prices generally, has been brought about by the government is one that I entirely object to. It is not true.

The CHAIRMAN. You think that the government has not done it?

Mr. WHITE. The government has had nothing to do with it.

The CHAIRMAN. It has been the result of something else?

Mr. WHITE. Nothing that the government has done has had anything to do with it.

The CHAIRMAN. That something else has been the state of things which enabled us to export more than we imported?

Mr. WHITE. Yes; bringing more gold on the market; and the surplus of the currency has retreated to bank-vaults. It has contracted itself.

The CHAIRMAN. Has there been too much money for the last two or three years?

Mr. WHITE. I do not know that there has been.

The CHAIRMAN. You say that the currency retreated to the bank-vaults. What does that mean?

Mr. WHITE. If there was a surplus of currency (I think there was, but I am not wise enough to affirm it) during a period of speculation, that surplus has retreated to bank-vaults and is now unemployed. It has contracted itself. If there has been any contraction, it has contracted itself.

The CHAIRMAN. What is the evidence that the currency has retreated to bank-vaults?

Mr. WHITE. The extremely low rate of interest.

The CHAIRMAN. If you found the amount of unemployed reserves in the banks to be out of proportion to the requirements of the law, would that be evidence of it?

Mr. WHITE. Yes; I should consider that that would be an important piece of evidence; and another important piece would be the amount of loans and discounts now, as compared with that of the speculative era.

The CHAIRMAN. Have the loans and discounts been falling off?

Mr. WHITE. I have not looked to see. I know that they increased vastly from 1868 to 1873.

The CHAIRMAN. It is alleged here that these loans and discounts have been purposely diminished for the purpose of producing a shrinkage in order that the capitalists might buy up the property of debtors for a mere song.

Mr. WHITE. That assumes that a man who has $1,000 which he can lend at a fair rate of interest—that will bring him an income—will go deliberately and put that $1,000 in a safe-deposit vault, where he will get nothing for it. I do not believe it at all.

The CHAIRMAN. What do banks loan as a rule—their own capital, or the capital of the community?

Mr. WHITE. The bulk of it is the capital of the community.

The CHAIRMAN. Do individuals have money deposited with banks in moderate sums or in large sums?

Mr. WHITE. Usually in small sums.

The CHAIRMAN. Then the money loaned out is the money of the community, payable on call?

Mr. WHITE. Yes.

The CHAIRMAN. Can there be, in the nature of things, a combination among the people at large to restrict discounts, and thus to produce a fall in values whereby somebody might buy up the property of the community?

Mr. WHITE. It is a perfect chimera; there is no such thing possible.

The CHAIRMAN. Is there anything further in regard to the tariff which you wish to state to the committee?

Mr. WHITE. No, sir.

The CHAIRMAN. You think that that subject has been fully discussed?

Mr. WHITE. I do not know; but I have said all that I wish to.

Mr. RICE. Did I understand you to say that you think that business is depressed by, or that there is any injurious effect upon it growing out of, the protective tariff?

Mr. WHITE. Yes, I do think so.

Mr. RICE. Do you think that it would grow out of any protective tariff whatever?

Mr. WHITE. I think so.

Mr. RICE. Do you believe that any protective tariff would have an injurious effect on business?

Mr. WHITE. Yes, I think so.

Mr. RICE. Did I understand you to say that it was because a protective system abnormally stimulates manufactures?

Mr. WHITE. It does if it accomplishes the object for which it is laid. That is the object of a protective tariff.

Mr. RICE. Do you think that a protective tariff on manufactures would stimulate the manufacturing business of the country?

Mr. WHITE. I think it would if it accomplished its object. I say that the influence of a protective tariff is to draw capital from a more profitable employment into a less profitable employment. I do not know any other object ever assigned to it.

Mr. RICE. Are you opposed to stimulation generally, where it can be applied, and where it produces greater activity?

Mr. WHITE. Yes, I think it tends to produce commercial crises.

Mr. RICE. Would you be opposed to using fertilizers on a soil where fertilizers increase the production of the soil?

Mr. WHITE. No, not at all.

Mr. RICE. That is stimulating the soil, is it not?

Mr. WHITE. Yes.

Mr. RICE. In Massachusetts we cannot raise corn and other products of the soil as well as you can at the West; would you not allow us to use fertilizers?

Mr. WHITE. Yes, certainly.

Mr. RICE. If we in the United States cannot carry on manufactures in competition with some other country that is older and richer, and that has established its manufacturing system more thoroughly than we, more strongly than we, would you not allow us to stimulate the manufactures here just as we stimulate the soil?

Mr. WHITE. No.

Mr. RICE. Why not?

Mr. WHITE. Because in the one case you withdraw capital from some place where it is productively employed, and you invest it in another place where, according to your hypothesis, it is unproductively employed.

Mr. RICE. Do you think that there is ample scope and use for all the capital that can be accumulated in those pursuits that do not require stimulants?

Mr. WHITE. There has been, up to a recent period. I think that the case now is somewhat different. I think that the accumulation of capital in this country has arrived at a point where there is more than can be profitably employed, and that it must go into the outside world to find employment.

Mr. RICE. Do you think that we have got our country so nearly finished, so full of everything that is needed, that we do not want to spend our surplus capital here any longer, but that we ought to spend it abroad? Is that your idea?

Mr. WHITE. I did not say that we had got the country so nearly finished. I said that we had more capital in the country to-day than could be profitably employed.

Everybody admits that. To say that the country is nearly finished is a different thing.

Mr. RICE. If business were helped and stimulated into greater activity, would not that employ this surplus capital?

Mr. WHITE. Your use of that word "stimulate" is something I do not understand. If you can create a market for more goods than are produced now, that is a stimulation which I can understand, but any other stimulation I cannot understand.

Mr. RICE. We can create a market for twenty-five million dollars' worth of linen goods by putting a high tariff on linen goods from abroad and keeping them out, and would not that enlarge the market for our home manufacture of linen?

Mr. WHITE. There would be a market in the world for just the same amount of linen goods that there was before. There would be no more linen goods consumed on the whole than there were before. But I admit that you can, by putting on a sufficiently high duty, compel the people here to buy their linen goods at a higher price than they are now paying for them, and in that way you can have the manufacture of linen goods in this country and have an investment for capital which capital does not now possess, at the expense of the consumers.

Mr. RICE. And you thereby employ unemployed capital?

Mr. WHITE. No; not that.

The CHAIRMAN. That would tax the whole community that consumes linen goods in order to employ laborers and give encouragement to capital in that business?

Mr. WHITE. Yes. It is identically the same, in effect, as if the money were taken out of the Treasury. Suppose there is a profit of 10 per cent. on the twenty-five million dollars' worth of linen goods to be manufactured and sold in this country, then you tax the people two millions and a half and pay it over to the persons who employ labor in that business.

The CHAIRMAN. Do you think that things could be improved in this country by any limitation of the hours of labor? One of the allegations here is that some people work a great many more hours than they ought to, and that that leaves other people unemployed, and it is said that if the hours of labor were to be limited that would permit the employment of the unemployed labor of the country. Do you think that a feasible plan for legislation?

Mr. WHITE. No; I do not. That is an infringement upon liberty which I think would not be tolerated.

The CHAIRMAN. Are you not willing to be restricted in the kind of labor you perform?

Mr. WHITE. No, sir.

The CHAIRMAN. Are you willing to be compelled to labor?

Mr. WHITE. I am willing to be compelled to labor when the necessities of my family require it.

The CHAIRMAN. Then you are compelled by natural causes?

Mr. WHITE. Yes.

The CHAIRMAN. You think that it is no part of the functions of government to interfere with the right of individuals to labor?

Mr. WHITE. I think that it is in direct contradiction of the functions of government—a most plain and palpable contradiction of them. The functions of government are chiefly to protect life, liberty, and property.

The CHAIRMAN. But these people say that that is the protection of life; that they are perishing from starvation because some people are doing all the work and leaving others without any work at all; and they ask to be protected by this legislation.

Mr. WHITE. By the infringement of somebody else's liberty.

The CHAIRMAN. But is it not part of the business of government (is not that at least the object of society) that the members of society shall be preserved in life, and that measures shall be taken to insure their necessary support? Is not that the main object of society?

Mr. WHITE. The main object of government is to see that people shall be preserved from being maltreated, robbed, or put to death by violence, &c.; but I do not conceive that it is the duty of government to see that anybody has work to do, or rather, has the particular work which he would like to do and the particular rate of wages that he would like to receive. That is what it results in. As Professor Sumner said yesterday, what people want is, not work but wages. If the government has an inexhaustible store of wages to distribute, I have no objection to the distribution; but there is no such store. I will find work for all the unemployed if somebody else will find the wages.

The CHAIRMAN. People come to me every day and ask me to get them on public work. I have scores of applications daily. My house is almost uninhabitable by reason of them. I see that many of them are very respectable and worthy people. What is to be done in such a case?

Mr. WHITE. Do the best you can.

The CHAIRMAN. But they say to me, "There is work here that will support us all,

but some people are working ten hours a day: and if you cut the hours of labor down to eight hours, that will increase the demand for labor 20 per cent."

Mr. WHITE. That is a request that you shall infringe on the liberty of somebody else.

The CHAIRMAN. Infringing on liberty is a very general phrase. What I want to know is this: What would be the effect on the man who works ten hours a day? Could he get as much for eight hours a day as he gets for ten hours? Would not this take away a portion of his earnings in order that another man might have that portion?

Mr. WHITE. If his hours' work is a constant quantity, that would diminish his wages 20 per cent.

The CHAIRMAN. And it would be compelling laboring men who are now in employment to support those who are out of work?

Mr. WHITE. It would transfer a portion of their wages.

The CHAIRMAN. And a transfer of a portion of the wages would be a reduction of the necessaries and comforts of life?

Mr. WHITE. Yes.

The CHAIRMAN. Could that plan be made, by any possibility, to touch the capitalists?

Mr. WHITE. I do not think it could. What the capitalist gets now is just what he eats and drinks and wears from day to day.

The CHAIRMAN. Can we, by any method of legislation, transfer any portion of the revenue or income of capitalists to the working classes? Can you suggest any method by which that can be done? Here is a fact. There are a great many rich people in New York with superfluous wealth; and there are a great many poor people without enough to eat. Is there any mode of legislation by which to transfer a portion of the superfluous wealth from the one class to the other class?

Mr. WHITE. My observation has been that every legislative attempt to transfer capital from the rich to the poor has resulted in making the rich richer and the poor poorer, because the rich always understand how to take advantage of such acts of legislation, and they always do it, and they always have the means to do it. The poor man cannot. He can simply take what comes to him in the way of wages.

The CHAIRMAN. It is suggested that we might meet the difficulty by colonizing a portion of the surplus labor on the public lands. The difficulty now is that the poor have not means to go on the public lands, or the means to live there when they do go until the land becomes productive. Do you think that we can (with our right under the Constitution to administer the public lands for the public good) appropriate the proceeds of the sale of the public lands to colonization purposes? Can that be done with advantage to the community?

Mr. WHITE. I am obliged to say that I do not think so. What assurance have you, when you have given a man $500 to go and settle on the public lands, perhaps 1,500 miles from here and ten miles from a town or railway station, that the $500 will be devoted to that purpose?

The CHAIRMAN. The proposition is that government shall organize the colonies, shall superintend the transfer and establishment of the colonists until the colonies are in successful operation. There have been propositions to give everybody $500 apiece, and make everybody happy; but that is not this proposition. Why cannot this government go on and establish colonies just as the governments of England, Prussia, Russia, and other countries have done?

Mr. WHITE. I should think that it would be a hazardous thing for our government with its present civil service machinery to undertake that task.

The CHAIRMAN. Do you hold that we have not got a good civil service now?

Mr. WHITE. I do.

The CHAIRMAN. I thought that we had reformed all that!

Mr. WHITE. As you reside in Washington and I do not, probably you have better information on that subject than I have. I have not observed the reform.

Mr. RICE. It has been a reform only in a small part of the civil service, perhaps—only applying to the House of Representatives.

Mr. WHITE. To come back to this subject. It deserves some serious consideration. That would be a charitable enterprise. It is something like the issuing of tents and rations for the relief of the sick people in the South. That is on a very small scale, of course, and this proposition is on a large scale. It is to be justified as any other charitable enterprise conducted by government is to be justified.

The CHAIRMAN. Is it not to be distinguished from charitable enterprises in this: that the government holds these lands for the people; and, if the man who makes two blades of grass grow where one blade grew before is a benefactor, then the government is actually improving the condition of the people, and enlarging the sources of wealth by turning the lands into use. Is not that one of the things that the government has a right to do?

Mr. WHITE. The government has offered these lands to the public for years for nothing.

The CHAIRMAN. We know that, and the lands are being settled very rapidly; but, what is wanted is to do something for the relief of this surplus population in cities. Is it the kind of population that can hope to succeed by being transferred to the wild lands of the West?

Mr. WHITE. No, I think not. I think that this particular class of people who are demanding government help, and the payment of the bonds in greenbacks, and the division of property, and all that sort of thing, are people whom you could not draw to the public lands with a yoke of oxen. And if you once got them there you could not keep them there. That kind of life would be intolerable to them. I do not mean to say that there are not a great many who would be glad to go upon the public lands if they could get there and could get enough to live upon for one year; but I mean to say that the class who are making this noise, this clamor, and who are denouncing the bondholders and denouncing the government for what they call the contraction of the currency, could never be colonized upon the public lands at all; at all events they could not be held there.

Mr. RICE. That is, you think that there is a class in society which, whenever a crisis comes, must inevitably suffer?

Mr. WHITE. I think so decidedly. The whole history of the world shows it. During the English crisis of 1825 the streets of Norwich, Bradford, and Sunderland were actually filled with starving people.

Mr. RICE. Suppose the English Government had had land on which it could have moved these people, would it not have been well to do it? There were some of them perhaps who did not belong to this class that you speak of.

Mr. WHITE. No, sir; they were the industrious poor. But what did the English Government do? By the exercise of its poor-rate system it supported them during the period of distress. It was obliged to do so. A government cannot allow anybody to starve. That was a charitable undertaking.

Mr. RICE. It is the duty of government at all events to keep the members of society from starving?

Mr. WHITE. Yes; and it is my duty to relieve distress when it comes in my way. It is the duty of government, when the distress becomes so great as cannot be dealt with by private charity, to deal with it publicly. And the government (I refer, of course, to the State governments) discharges that duty now. Of course the Federal Government has little or nothing to do with it.

The CHAIRMAN. I understand you to sum up this whole thing by saying, as far as legislation is concerned, that any interference with the progress of resumption to specie payment would be injurious to the business of the country and to the laboring classes?

Mr. WHITE. Yes, sir.

The CHAIRMAN. And also that the tariff might be modified to very great advantage by removing the duties on raw materials?

Mr. WHITE. Yes; by removing the duties on raw materials and all other duties that tend to interfere with the processes of production.

The CHAIRMAN. You would like to see the utmost fairness in commercial operations, and you would raise the revenue of the government from luxuries and not from necessaries?

Mr. WHITE. Yes, speaking generally; and I think that this country is in a position (perhaps not immediately but gradually) to compete with Great Britain, or any other country, not in the production of everything, but in manufacturing industries generally. I do not mean to say that there may not be things which England will always produce better than they can be produced here, but I mean to say that, as a manufacturing country, this country has the accumulated capital, the skill, the machinery, and the individual genius to compete with England, not only on our own soil but in foreign countries also.

The CHAIRMAN. Do you think that there is more relative employment for the working classes under a free-trade system than under a protective system?

Mr. WHITE. Yes, sir.

The CHAIRMAN. And that they are better off?

Mr. WHITE. Yes, sir.

The CHAIRMAN. If you wish to add anything to what you have said, the committee will be glad to hear you.

Mr. WHITE. No, sir; I do not think of anything else at present.

Subsequently Mr. White asked permission to add to his testimony the following:

I think that the most effective *local cause* of the commercial crisis was the rebound which took place in the development of the country very soon after the close of the war. There is a certain norn al rate of development and improvement going on in the country from year to year, which may be lessened or accelerated at different periods, by a variety of causes. This normal rate of progress was interrupted during the war, not by the destruction of capital, but by turning the energies and productive power of

the nation into another channel—the channel of war. As an illustration of this I may point to the fact that railway construction fell off largely during the war—the total increase of railway mileage during that period being only 3,273 miles, whereas during the corresponding period of four years preceding (which included the crisis of 1857), the increase was 8,618 miles. When the war ceased there was a four years' interim in the development of the country to be made up. This development was powerfully promoted by the influx of foreign capital and immigration. Foreign capital sought investment largely in our national and railway bonds, and immigration was stimulated by the two great wars in Europe which followed closely after our own. It was also promoted by the disbandment of the million or more of our soldiers who resumed the arts of peace just in time to share in the powerful impulse about to be given to trade and industry. In other words the close of the war found us with a wide field for development and an abundance of labor and capital with which to accomplish it.

This state of things was perfectly calculated to fire the imagination and spirit of enterprise and love of gain of the average Anglo-American, and to bring in an era of high speculative excitement, advancing prices, and eventual panic and crash. This is what I mean by the rebound after the war. The same thing might have taken place without the war, seeing that the same attractive field for development would have existed in either case, seeing also that similar crises have occurred here and elsewhere without any antecedent war. But I think the series of events here mentioned may be rightly classed as local causes of our share in the crisis of 1873.

In further reply to the interrogatory of the chairman whether circulating capital was converted too rapidly into fixed capital prior to the panic, I desire to remark that circulating capital, instead of diminishing, was steadily increasing during this period, as shown by the deposits of the national banks, which rose from $579,000,000 in 1868 to $622,000,000 in 1873. During the same period the loans and discounts of the same banks rose from $657,000,000 to $940,000,000. It is impossible for a country at any time to convert into fixed capital more than its *surplus* of floating, or circulating, capital, and I cannot see how any harm is to result from using its surplus in that way. To turn any more than its surplus into fixed capital would be to starve a portion of its inhabitants, or reduce them to a lower scale of living than they have been accustomed to. Such was not the spectacle witnessed prior to the panic. On the contrary the scale of living was higher then among all classes than it has been since.

STATEMENT OF MR. JOHN J. HINCHMAN.

NEW YORK, *August* 24, 1878.

Mr. JOHN J. HINCHMAN appeared before the committee and stated, in answer to the chairman, that he resided in Brooklyn; that he was not now engaged in business, but that he had been for many years a merchant in New York; and that he was now temporarily out of business.

The CHAIRMAN. Have you undertaken to solve this problem which puzzles so many wise people as to what has caused the present depression in business?

Mr. HINCHMAN. Like most persons I have thought over the subject and have arrived at my own conclusion, both in regard to the causes and the remedies. But I do not appear before the committee, either to submit a theory of causes, or to suggest a remedy. I appear before the committee for the purpose of submitting some facts bearing on the subject; and, if they be found pertinent, the probability is that they will suggest a cause and a remedy. The tables and statistics which I have, and which I shall present to the committee, were suggested to me about two years ago in conversation with a gentleman of considerable reputation as a political economist and financier. He submitted to me two or three propositions which had been made to him in regard to the causes and remedies for the present distress in business. One of them, as I remember, was a proposition by the writer that the holders of bonds, the receivers of interest, who had made their contracts when times were flush and when interest rates were high, should voluntarily come forward and relinquish a part of their interest—that they should take five per cent., instead of seven, or four per cent. instead of six, so that those doing business on borrowed money would have a little lee-way for profit. He thought that that would stimulate production, and set things going on again. The other gentleman thought that the trouble in regard to the withdrawal of confidence by capitalists was, that business morality had become so low that capitalists were afraid to venture, and that they withdrew their money. He proposed that we should all become very good and virtuous, so as to restore this confidence and let business go on.

The gentleman who submitted the suggestions to me asked my opinion of them. I told him that they were of about as much value as hundreds of others that I had seen;

and that there were no figures to express their value. Like everybody else, I had a theory of my own. I had not seen it suggested; but I suggested it to him. It was that we should go to work. This was a matter of correspondence. I got no reply to that, but I can imagine that he would say, "That appears like a joke. Our warehouses and markets are stuffed with goods; and people are becoming idle in consequence of that state of things." I should have suggested in reply to that, perhaps, that we had made too much of certain things and too little of other things. But having made the remark at a guess I felt inclined to fortify myself in regard to it, and I took the best statistics that were comeatable—the United States census reports—and collated several of the different classes of business. The result was that my conclusion was entirely confirmed. The first classification that I made had special reference to agriculture. In that I selected 37 of the articles of largest production in the United States; and, if agreeable to the committee, I will submit the result and make some remarks upon it as we proceed.

The CHAIRMAN. That would be the best form. But perhaps you had better state in advance what your conclusion was.

Mr. HINCHMAN. I have stated it in my remarks.

The CHAIRMAN. Please to state it again.

Mr. HINCHMAN. That in a great country like this, with varied and vast resources, if labor be properly organized, there never should be a case in which there would not be work for everybody able and willing to work.

The CHAIRMAN. When you say properly organized you mean properly destributed?

Mr. HINCHMAN. Yes; properly distributed. It is a mere difference in the use of the term. My theory was that, from the exigencies of the war; from the great destruction of property which ensued in the prosecution of the war; from the change in the standard of value from gold to paper, and with that fluctuating from day to day according to the chances of war; and from the large disbursement of money immediately subsequent to the war in paying off the Army, a demand was produced among those who received the money for large quantities of goods, and that this made trade prosperous and times flush. A great many people were growing rich who had been in moderate circumstances, and that led to extravagant expenditure.

The CHAIRMAN. You are aware, I suppose, that immediately after the war, in 1866–'67, there was an era of very considerable depression in business?

Mr. HINCHMAN. There was an immediate depression in the summer of 1865, after the war had closed. Gold went for a short time down to 22. The people were apprehensive (as I was, I must confess) that we were rapidly going down to a gold standard, and that property which had been held at high prices (rated in greenbacks) would have to be sold off at the gold value, and that those who had property and owed money upon it would be obliged to pay in gold, whereas they had promised themselves to pay in greenbacks. That depression in gold was very short-lived. Gold began to rise again, and in a short time it got up to 25, 30, 35, 40, and occasionally during the fall of the year 1865–'66 to 45. I was in the drygoods business in 1866. That year was (all things considered) the best year in that line of business (and I imagine in others) that the city of New York had ever known. There was more solid money made by the merchants of New York City in that year than in any year during the war.

The CHAIRMAN. How was it in 1867?

Mr. HINCHMAN. Things began sliding off again.

The CHAIRMAN. I know that it was a bad year for the iron business.

Mr. HINCHMAN. The years 1867, '68, '69, and '70 were years of gradual subsidence.

The CHAIRMAN. Then your idea was that the period immediately subsequent to the war (1865–'66) was an era of considerable prosperity, and was followed by an era of temporary prosperity, and that that was followed again by an era of speculation?

Mr. HINCHMAN. Yes. My theory was that the inducement to high living and extravagance, the feeling of riches which had resided in the minds of many people who had been previously in comparatively moderate circumstances, had, to a great extent, caused them to change their style of living. Many people who had been before industrious felt rich enough to retire and to live upon their means. Others who had lived moderately felt that they might indulge in some additional comforts and in a better style of living. That induced an extravagance which of course brought its supply of articles adapted to that style of living; and, as in this or any other country there are only a certain number of workers, those who withdrew from business were necessarily withdrawn from that number. My first inquiry based upon that opinion was into the condition of agriculture, and, as I have said, I collated 37 items of largest production in the United States in the years 1850, 1860, and 1870. I went back to 1850 in order to get a starting-point, so as to see the course of agriculture in a period of normal prosperity as compared with what was certainly a very irregular period—from 1860 to 1870. The result of that is, according to my notes, that from 1850 to 1860 there were but three articles out of the thirty-seven enumerated which showed a loss—which may have been owing to a special reason, or may have been only temporary. The year 1860, as compared with the previous years, might not have been a favor-

able year for any one of those three articles. They were rice, sugar, and home products. These had decreased from 1850 to 1860. There were eight articles out of the thirty-seven that had not kept pace with the progress of population.

The CHAIRMAN. In making your comparisons you first established the rate of increase of population, and then you undertook to ascertain, by comparing the rate of increase of those products with the rate of increase of population, whether there was a corresponding rate of increase, or whether they had fallen off—not in the gross production, but in the rate of increase.

Mr. HINCHMAN. There was a falling off in the gross production of those three articles, rice, sugar, and home-made products. From 1850 to 1860 there was a falling off in the production of eight articles out of the thirty-seven relatively to the increase of the population. The increase of population was about 35½ per cent., and (giving 1860 the benefit of that 35½ per cent. increase) there were eight articles which had not kept pace with the increase of population. These were sheep, swine, oats, rice, wool, maple sugar, sugar, and home-made products. All the other twenty-six articles out of the thirty-seven had not only kept pace with the increase of population from 1850 to 1860, but had overrun that increase—some of them to a very large extent. From 1860 to 1870 there were eighteen articles out of the thirty-seven which had absolutely fallen short in gross products. These were neat cattle, mules, swine, rye, corn, rice, tobacco, cotton, buckwheat, sweet potatoes, pease and beans, clover-seed, grass-seed, hemp, sugar, maple sugar, honey, and home made-products. There were twenty-four out of the thirty-seven which fell short ratably. The increase of population between 1860 and 1870 was about 22½ per cent. Of the thirty-seven articles enumerated, twenty-four of them showed a ratable loss; these being (in addition to the eighteen named) acres in farms, improved acres, horses, cheese, butter, and market gardening. These facts appeared to establish to my mind conclusively the fact that whereas we had been largely increasing our production of manufactured goods, which are mostly ephemeral in their character (made for mere consumption, use, and enjoyment), we had neglected the substantial improvement, that remain and inure to the growth of the country.

The CHAIRMAN. But we must have produced food enough. We imported no food during that year.

Mr. HINCHMAN. We produced more than we required.

The CHAIRMAN. Then it was simply a question of the application of surplus labor?

Mr. HINCHMAN. Yes; I assume that we could have found a market at paying prices for about all the food that we could reasonably produce under any state of circumstances, and if we could not find it abroad we could use it at home in other ways. I attended the examination of Professor Sumner here the other day, when some remark was made in regard to the effect of putting a wall around the United States. I do not recollect the exact application of it; but I will use the same figure and say that, if that was done, we might lose some of the comforts which we draw from the outside world—tea, coffee, spices, and things that we do not produce ourselves—but we would still have, within our own territory, food of great variety and abundance, material for making clothing of every description, material for building houses and for supplying every real want and comfort known to mankind. That is to say, in the ordinary organization of society, food is the first requisite. Put a certain number of able-bodied men down in a temperate climate where they can live for one day, and the probability is they would subsist and immediately begin to increase and make a subsistence for the future, that is, the commodities necessary for life and comfort which we call capital. After the food is provided, and if it can be provided in larger quantity than the community requires, the next step is to find clothing. Of course there would be clothing in a temperate climate. Clothing being provided, the next requisite would be shelter. Now, in a community so organized, the proper adjustment of raisers of food, makers of clothing, builders of houses, makers of roads and of the various things which go to constitute the conveniences of civilized life, would also ensue, so that really we could, in the United States, live well and luxuriously, and not have to send outside for a single article. We should miss, however, the enlightening and intellectual results of intercourse with the rest of the world; and, of course, we could not afford to dispense with that. We might lose a few of the luxuries. These we could dispense with. But as a matter of fact there is in the United States everything requisite for the largest comfort; and all that the inhabitants would have to do would be to suit their labor to their needs, to work just as much as was requisite for their wants.

The CHAIRMAN. That being so, what deduction do you draw from it?

Mr. HINCHMAN. The point which I wish to make is this, that there is in the United States opportunity for labor if it is properly adjusted; that the instincts and tastes of men will generally lead them to seek those things which are most profitable to them and most conducive to their welfare; and that in the United States, if our labor were properly adjusted we should have abundance for all and work for all. The abundance of a country allows more or less to live a life of ease. There always will be those

children, women, old and sick persons, and those who have been fortunate enough in their business arrangements to accumulate something, live at ease. The number of idlers, of course, depends upon the possibilities of production as distributed among those who shall or must work.

The CHAIRMAN. In other words, you think there is not any reason why there should be any distress at all in the United States?

Mr. HINCHMAN. None at all.

The CHAIRMAN. Have you got a step farther, so as to be able to show the artificial causes which produce the present distress?

Mr. HINCHMAN. It is not my purpose, especially, to show the causes. I came before the committee rather to make a statement of facts.

The CHAIRMAN. You came to show that there is a disorganization and a wrong distribution; but you do not propose to tell us what the cause is?

Mr. HINCHMAN. There are a great variety of opinions in regard to that, and every man must take his choice.

The CHAIRMAN. Then the practicable thing which you propose to show is, that the distress, the existence of which is recognized everywhere, is in reality caused by a mal-distribution of labor?

Mr. HINCHMAN. A mal-distribution of labor. My investigation of the subject leads me to suppose that the percentage of mal-distribution of idlers, of those who have been thrown out of business from a change of circumstances, is much smaller than one would judge by taking a broadcast look over the field and by hearing the complaints of those out of employment and by those inadequately paid. There has been recently, I understand, an investigation made in the State of Massachusetts as to the number of unemployed, and the number reported is about twenty-eight thousand. That would be about two per cent. of the population of the State of Massachusetts (which I understand is fourteen hundred thousand). The State of Massachusetts, being a very large manufacturing community, is perhaps more hurtfully affected by the present state of affairs than almost any other State—certainly much more hurtfully than the Western States, where the people depend very largely upon agriculture. My opinion is that the two per cent. of unemployed persons that we find in Massachusetts would cover the whole ground, taking the United States at large.

The CHAIRMAN. That would make a million persons unemployed.

Mr. HINCHMAN. About eight hundred thousand—not absolutely in want, but thrown out of temporary employment or out of profitable employment. I have not seen Mr. Wright's estimate, but I understood, from the way in which it was spoken of, that his estimate was on the entire population of the State of Massachusetts.

The CHAIRMAN. No; he takes the percentage of the number engaged in laboring work, and on that percentage he figures up that the United States will have about five hundred thousand persons unemployed.

Mr. HINCHMAN. A little incident occurred to me a few weeks ago, while I was sojourning in Vermont, which appears to agree very well with the statement made by Mr. Wright. I was visiting a town in Vermont, and I made some inquiry in regard to the state of business, the prosperity of the inhabitants, &c. The person who gave me the information was one of the selectmen of the town. He had been so for many years, and he spoke, of course, from knowledge. He said that their average pauperism in that town had not been over one individual to a population of two thousand for forty years; and that it was so now. The township is a manufacturing and agricultural community. I noticed, here and there, a factory closed. I remember two that were closed, and there may have been more. These factories had been closed in consequence of want of work; but those who had been occupied in them had gone off and supplied themselves with work elsewhere. I met a young man from New York who was visiting the place, and he told me that he had put on a rough suit of clothes and had taken a tramp for a few days through the country, and that in the course of three or four days' walking he was stopped more than a dozen times and asked if he did not want work.

The CHAIRMAN. Was not this during the harvest or haying season?

Mr. HINCHMAN. Yes. That had something to do with it, of course. But it also shows that, for a temporary period, at least, many of those people who complain that they cannot find work could get work if they tried. "Where there's a will there's a way," is a true proverb.

From 1800 to 1870 (I repeat) there were eighteen articles showing an absolute loss, and, in addition to them, eight other articles (making twenty-four in all) that showed a relative loss. I find, looking at the first item of importance on my list (the number of improved acres in the United States), that in 1850 the number of improved acres was one hundred and thirteen millions, and that in 1860 it had increased to one hundred and sixty-three millions. The population, in the mean time, had increased 35 per cent., but the increase in improved acreage was 44 per cent., showing that there was a gain over and above the increase in population. In 1870 the number of improved acres had risen to one hundred and eighty-nine millions, the increase being only 15.9 per

cent., whereas the increase of population was 22½ per cent. In the same period manufactures had risen from $1,800,000,000 in value to a gold value of some $3,100,000,000, being an increase of 76 per cent. in manufactures against an increase of population of 22½ per cent., thus confirming the opinion that I had expressed in regard to the disproportion.

The CHAIRMAN. Was there anything to interfere with the free play of labor during that period? Did it not go where it would pay best?

Mr. HINCHMAN. Yes, sir. You may remember that in 1861, 1862 and 1863 we had successive changes in the tariff, which made it more and more easy to manufacture. Some articles were so protected that the margin between the importation cost and the cost of production was very great, and the inducement to go into manufactures was very large.

The CHAIRMAN. Was it not a perfectly natural state of things that, there being food enough in the country, the surplus population should take to manufactures? Was not that a normal and natural thing to do?

Mr. HINCHMAN. That would be the natural result of a state of things in which it was more profitable to manufacture than to raise agricultural products. We are reaping something of the results of the change. I do not (as many of the free-traders allege) put the blame of the present industrial troubles on protection. I do not think that protection was the switch which turned us off from the right track. But I do think that, when the trouble came, it found us much farther from the way in which we should have been than if we had been more largely agricultural. The probability is, in my mind, that if this had been a free-trade country, the exigencies of the war, the change in the standard of value, the suddenness with which wealth was obtained, the large displacement of men by the government, all these would have produced a great period of extravagance, and that it would have been to a great extent as it was, with the circumstances which did exist. But if we had been an agricultural country, instead of a manufacturing country, it would have been far easier for us to have got back into a proper adjustment. People would have been nearer where they are now required to go.

The CHAIRMAN. You mean that an agricultural community is less subject to commercial crises than a manufacturing community?

Mr. HINCHMAN. Not entirely. My meaning is simply this: It has always been considered that our great facilities in this country were agricultural, that we had in our free land, in our abundance of land of great fertility, an opportunity of making a subsistence which is quite peculiar to us as compared with the rest of the world. My statistics go to show that there are too many people engaged in manufacturing now, more than can find a market in America for their goods; that the agricultural community has got to be re-enforced, and that those who fall out of employment through the lack of manufacturing will gravitate to the land to a sufficient extent to make the equilibrium.

The CHAIRMAN. Is there not an annual surplus of agricultural products in this country for exportation?

Mr. HINCHMAN. I should disagree with you. There is an annual surplus of cotton.

The CHAIRMAN. Wheat and corn?

Mr. HINCHMAN. We raise cotton to export. There is an annual surplus of wheat. We raise wheat knowing that we can export it abroad because we produce it cheaper than it is produced in any other country in the world. So with other things. The surplus that you speak of is the legitimate result of our pauper labor, and brings us a return.

The CHAIRMAN. But is there not a large available surplus of food-products in this country for export?

Mr. HINCHMAN. There is, necessarily.

The CHAIRMAN. Then, if you say that there are too many people employed in manufacture, and if you divert those people to agriculture, you will increase this surplus of food-products, will you not?

Mr. HINCHMAN. We will find a market for it.

The CHAIRMAN. Does the world take any more food-products than it requires to feed it?

Mr. HINCHMAN. Referring again to the illustration in regard to putting a wall around the country, I think that if you will consider the suggestion in that form, you will find an answer to your inquiry.

The CHAIRMAN. I do not find the answer. I take it that they buy abroad as much food every year as they require to make up the deficiency in their own country, and they buy it in the cheapest market.

Mr. HINCHMAN. In this country we have abundant opportunities for raising food. We have abundant materials for making clothing and houses and everything necessary to our comfort. We are practically independent of the rest of the world. It is not necessary, absolutely, that we should buy or sell a dollar's worth outside of the United States in order to live in great comfort.

The CHAIRMAN. I do not dispute that. The point is this, whether, if you abolish the tariff to-morrow and establish absolute free trade in this country, there would not remain in manufactures just as many men as there are now. Take the linen trade for example. We import linen into this country to the amount of twenty-odd million dollars; linen is principally a matter of labor. The raw material is as cheap to us as it is to the English or the Germans, and it is merely a question of labor. Now, if free trade were established, would we not at once proceed to build linen mills, and, when everything was absolutely free, would not labor adjust itself to the same rate of compensation as in other countries?

Mr. HINCHMAN. I think not, and for a very obvious reason. In regard to that part of manufacturing which is the result of manual labor, if we manufacture as cheaply as they manufacture in Europe, we have got to take into consideration the way that the laborers live in Europe. A laborer of fair caste in Central Germany subsists himself and his family on less than 50 cents a day. His food is black bread, occasionally a little bacon, and a mug of ale. Now, provided that that man's labor is as efficient as that of an American laborer, they would send his goods here from abroad under a free trade system much cheaper than we could produce them here, unless our laborers were willing to live in the same way as the German laborers.

The CHAIRMAN. But the point of my question was this: whether, the ports being open, and there being only a market in the world for a given amount of food-products, and the world being supplied with food-products, we would not be compelled to consume our own surplus, and whether that would not bring about a rearrangement of the rates of labor based on skill and efficiency. Would not the result of that system be (after the world had got its supply of food) that the nation which had a surplus would be compelled to consume it on conditions of equality?

Mr. HINCHMAN. I think there may be incidentally and from miscalculation surpluses of various articles which are greatly required and which will come into use. But the use of the word "surplus," as it is commonly used in industrial pursuits, is a misnomer and is very misleading.

The CHAIRMAN. Surely you can have more of a thing than you can sell at a profit? We are all painfully conscious of that fact now.

Mr. HINCHMAN. If you know anybody who has got a surplus of anything, I will undertake the job of relieving him.

The CHAIRMAN. But at a loss of profit to him.

Mr. HINCHMAN. Oh; you want to sell it, and to get more than the thing cost you. That is a very different thing. But if you know anybody who has a surplus of any available article, I say that I will undertake the job of relieving him.

The CHAIRMAN. I should take it that there is more food in the world than the world actually requires. It is a question of productive industry that we are after. We want to get out of poverty and to accumulate wealth.

Mr. HINCHMAN. I see no occasion for poverty in this country. One of our troubles, in reasoning on matters in political economy and particularly on finance and industrial economy, is the old difficulty of the Dutch governor, who said that he took such a tremendous view of things that he could not turn them over in his head.

The CHAIRMAN. We have a good deal of that here.

Mr. HINCHMAN. It appears to me that the individual affairs of every man is a type of public affairs. The public is a great aggregate of individuals, and, as the affairs of individuals are, so will the affairs of the nation be. As I look upon it, there is scarcely any of those problems that wise men talk about of which, if you examine them as applied to an individual, the solution is not very plain; and I maintain that the solution which will apply to the affairs of individuals will quite as readily apply to those of a nation. The trouble that we have in understanding these matters is simply this, that we leave the things that we can comprehend and we make them so large that we think they are beyond our control.

The CHAIRMAN. As to whether there is an improper distribution of the labor of the country between agriculture and manufactures, and as to whether anything which anybody has done or can do would change that distribution; do not the laws of nature determine that, and is it not entirely outside of the functions of the government?

Mr. HINCHMAN. I do not think that that is at all within the functions of the government. We have no precedent for it, and it would result in failure if the government would attempt to do anything specially. The self-interest and sagacity of every individual will lead him in the long run to find a way out of his trouble. We are better off to-day than we were yesterday, and I think we will be better off to-morrow than we are to-day. The remedy is a natural one and it is already in force. The result may be delayed, but it will come in its natural course.

The CHAIRMAN. Then, to come to a practical conclusion, can this committee recommend any legislation which, in your judgment, would tend to allow natural laws freer play than they have now?

Mr. HINCHMAN. I should be entirely opposed to any governmental interference. It is not the province of government; and government would make a failure if it were

to attempt it. The necessity under which every man lives of finding a livelihood is the spur and incentive to him; and that, in my judgment, will be efficient.

The CHAIRMAN. Still you admit that in the history of society great improvements have been made in legislation, whereby the condition of the people has been improved and raised. In other words, the condition of the people has depended largely on the kind of laws under which they live.

Mr. HINCHMAN. There is a radical distinction between the condition of the people in America and Europe. Most European people are subjects. Their conditions are, to a very large extent, made for them; and I hold it to be a sound principle, that, when a government constrains its subjects, the government is, in right, obliged to care for its subjects to that extent. In America we are citizens. Every man is independent, with equal rights and with equal opportunities according to his ability.

The CHAIRMAN. Equal before the law, but he may not have equal opportunities.

Mr. HINCHMAN. I say according to his ability. I think that, among the American people who have been born and brought up under our system, who have been educated to independence of character and self reliance, it would be considered something of an aspersion to say to a man "The government will take care of you."

The CHAIRMAN. That was the point of my question. The question was whether there were any specific defects in legislation that may be cured. Let me state a case. The State of New York authorizes the establishment of savings-banks. Savings-banks have been established. The poor people have put their earnings in them. Savings-banks have been badly managed, or their assets have been subjected to shrinkage, and a portion of the savings has been lost. When a workingman goes to the bank for his money he finds the savings-bank closed. There is a case in which the poor man suffers great hardship. He is not supposed to be able to judge of the value of investments; and hence the savings-bank is provided for him by the State. Now the loss occurs. Is not that a case in which legislation should, if possible, be amended and improved if anybody can invent a better system.

Mr. HINCHMAN. That is, in my judgment, a legitimate function of government, but the idea of providing any man with work is entirely foreign to the American system.

The CHAIRMAN. I did not ask you that question. The question I asked is, whether we can adopt any kind of legislation that would tend to prevent the recurrence of this evil. The committee has received an immense number of communications, many of them of great value. These will appear as an appendix to the report. One of the chief grievances in most of those communications has been this matter of savings-banks. Innumerable letters on that subject have come to the committee. Men say in those letters, "We have been industrious; we have worked hard; we provided against the rainy day; we had enough saved to tide over these times. We put it in the savings-banks, and it is gone." What have you got to recommend to us as a remedy for this evil? It is a grievous evil, and should be remedied.

Mr. HINCHMAN. The establishment of provident institutions of that kind are a legitimate function of government. But that is aside and distinct from what is now occupying public attention.

The CHAIRMAN. Take this case: There are twelve young men in a village near New York; being thrown out of employment, they want to go West. They are willing to go on the land and to form a colony; but they have no means of getting there at all, none whatever. The government is the owner of a large amount of lands which it wants to have settled; in other words, the government wants to have the very thing done that these young men want to do. You recommend diverting the population from the cities to the country. The government is selling land all the time, and has a revenue from the sale of its land. Would you think it competent for the government to use any portion of this fund derived from the sale of lands to facilitate the movement of men who desire to go from the great centers of population out to the land?

Mr. HINCHMAN. I should think it objectionable, for this reason: that the government cannot give every man the same amount of money. The government can, however, give every man the same opportunity of going and settling on the land. The two things are very different. The government has no right to make any individual its stipendiary.

The CHAIRMAN. What does a government do with people who get reduced to absolute poverty?

Mr. HINCHMAN. It takes care of them, of course.

The CHAIRMAN. Well, there is a direct contradiction to the assertion which you lay down; according to it, we must abolish the poor-houses.

Mr. HINCHMAN. Excuse me, I implied a reservation. The reservation is the case of men who are able to work; men who have the physical strength and maturity of years, and who are mentally able to take care of themselves. It is a proper function of the government to take care of the poor.

The CHAIRMAN. Here you have in the city of New York a certain number of persons out of employment. The community is charged with their care whenever they are unable to feed themselves, and the community takes care of them in the poor-

house. Now the money that would feed them in the poor-house would transport them to the public lands in the West. But you think it would not do to use this money, which you have got to spend on these unhappy people, and to say, "We will keep you out of the poor-house, and will let you have the money to go out and settle on the public lands, where you can take care of yourselves."

Mr. HINCHMAN. I think that those who would suffer themselves to be transported in that way would not be worth the freight.

The CHAIRMAN. I will only have to turn to my friend Mr. Rice and ask him to state his experience as to the men who were transported free to Kansas some years ago, what class of men they were and what has been the result. I know that there has been one United States Senator who was so transported, and there was a member of Congress who went out as a boy with his father, and there was one governor of the State who was transported in that way free. So that free transportation cannot be the test.

Mr. HINCHMAN. Before Mr. Rice replies let me make this remark: If, to-day, it was announced that somewhere in the inaccessible regions of the Rocky Mountains there was a new gold placer found, mines of immense richness discovered, thousands and thousands of people would be on their way there the next day, and would not "stand upon the order of their going."

The CHAIRMAN. You think they would go on their legs if necessary?

Mr. HINCHMAN. They would go on their legs. But, if you simply invite them out to labor on farms, that thing has not the shining aspect that the gold mine has.

The CHAIRMAN. If they were provided with free transportation and did not offer to take advantage of it, there would be no harm done; but if, after being selected as suitable persons to go to the West, they were willing to go, then would you do anything to help them out?

Mr. HINCHMAN. If the thing were very carefully and judiciously done, undoubtedly individual good would result; but you would establish a very bad precedent. As a rule, the people who are worth caring for will care for themselves; that is, taking adults and those who are capable. It has been suggested to me to ask whether the parties you speak of who were transported to Kansas were children or adults.

The CHAIRMAN. They were adults with their families. Mr. Rice had better state it. He happened to be the secretary of the Emigrant Aid Society, and he had better state just how it was done.

Mr. RICE. The idea was that people would go in that way who were entirely worthy to become members of the society when they got there. These gentlemen to whom the chairman refers were rather agents of the society. They were not absolutely poor persons themselves; but they were sent out to take charge of the companies that were helped to get there. But the companies who were helped to get there consisted of the men who settled Lawrence, which is now the principal city of the State.

Mr. HINCHMAN. An enterprise of that kind, entered into by a company or society, would act independently. The society could discriminate. But, if you make it a governmental function, every man will consider himself equal in right to his neighbor and no discrimination can be properly made without making it a source of very great complaint. That is one objection to the government undertaking things of that kind. I have no doubt at all that it would be a money-making and good enterprise for some of those large western railroad corporations that have immense bodies of fertile lands, to offer inducements to settlers.

Mr. RICE. Why might it not be a very good enterprise for the government, which also owns vast tracts of fertile lands?

Mr. HINCHMAN. The government already offers land for occupation as a free gift. If the government goes farther than that it is obliged to add a pecuniary consideration, either in freight or money, which consideration it cannot make general.

Mr. RICE. Take the Northern Pacific Railroad Company. It has an immense area of unsettled lands. Do you think it could offer inducement by way of freight (taking people there for nothing) to get them on those lands and make a profitable operation from it?

Mr. HINCHMAN. That is a matter of which I have no practical knowledge; but I should think that a western railroad having a large body of lands which it wanted to have settled (so as to make a freight business for itself) would eventually make money by pursuing that course. In regard to the cost—the statistical and business part of the matter—I have no experience that would enable me to speak.

Mr. RICE. My object in putting the question was to ask whether the government might not do it as well as the railroad companies, and, in doing it, also relieve the wants and necessities of those people (many of them out of employment by no fault of their own). You say that we ought to get these unemployed persons to work on the land; that there are too many in the cities and in factories. Now, why might not the government profitably use a portion of the proceeds from the sales of the public lands to get these poor people to the land?

Mr. HINCHMAN. My objection to that is that it would establish a very bad precedent, and that it is contrary to the general spirit of our institutions.

Mr. RICE. You mean that the helping of people by the government is?

Mr. HINCHMAN. I mean donating to individuals what cannot be made a general distribution. It is a species of unfairness which would produce a complaint of favoritism against the government. As a rule things done under government supervision are not as well done as things that are done by private enterprise.

The CHAIRMAN. Is not the best evidence that it cannot be well done by the government this: that the railroad companies with their large possessions of land which they desire to have settled, do not do it?

Mr. HINCHMAN. I should think so.

Mr. RICE. Is not their failure to do it at least very suggestive of the difficulties in the way?

Mr. HINCHMAN. It is.

Mr. RICE. I believe that some railroads do give emigrants free passes.

The CHAIRMAN. Yes; on the line of their own road, but not beyond.

Mr. RICE. Probably not beyond.

Mr. HINCHMAN. To return to what I was saying. In 1870 we had fallen in the matter of improved farms about 10,000,000 of acres; that is, 10,000,000 of acres less had been improved than the increase of manufactures required. I find by making a calculation that the number of persons employed in agricultural pursuits in 1870 was 5,900,000. Every man takes care of about 32 acres of land. The ten million acres which were undeveloped and which should have been developed in a normal state of affairs, would have accommodated about 312,000 workers. Calculating a worker with a family, of say three persons, that would have provided for nearly a million of inhabitants—about the number that are now supposed to be out of work, or in bad circumstances. As compared with the advance made between 1850 and 1860, the falling off in improved acres was 20,000,000. These 20,000,000 of acres if used with the average occupancy would have accommodated about 625,000 workers, and provided for about two millions of people. And it appears very curious that the estimates which are made require about that number of people to be provided for in order to make a proper adjustment. This sheet (indicating) is filled with figures that are more or less suggestive and that might be enlarged upon.

The CHAIRMAN. You will please to leave those tables, that they may go in as a part of your remarks.

Mr. HINCHMAN. With pleasure.

Mr. RICE. You think that the adjustment will take place by natural causes?

Mr. HINCHMAN. Yes.

Mr. RICE. That men who can afford to get to the western lands will go there; that they are going there now; and that they will make room for those here who cannot afford to go, and who, perhaps, you think would not be worth much if they got there; and you think that, in that way, the remedy will be applied without governmental assistance.

Mr. HINCHMAN. Yes; I think so.

Mr. RICE. By the questions which I have put to you, I did not intend to say that I had any different opinion from yours; but I only put them in order to get your answers, which you have given very intelligently to the questions I put. It has been observed, I think, that where a government has offered to transport colonists to the public lands (the English Government for instance), and has offered to give them lands free, it could not get any colonists to go, and that when the government made it known that colonists could go and have the land for a price, a sufficient number were found to go and take possession of the lands.

Mr. HINCHMAN. Yes. The probability is that it would occur in an attempted enterprise of this kind, as it has occurred in almost every other such attempt by a government—that the sharp, unscrupulous people would come along and avail themselves of the first profits. I have here a comparative statement taken from the United States census reports of certain occupations whose productions are ephemeral in character, and are generally applicable to personal enjoyment. The figures are taken for the years 1860 and 1870. This paper contains a tabulated statement of about forty occupations of that character, made in those two years. I will say in general terms that the result of it is entirely confirmatory of my theory and opinion as before expressed, that the labor of the country had been very largely diverted from the ordinary useful, necessary productions, into those that were light, ephemeral, and that ministered only to luxury. To show the character of the manufactures that I speak of, I will mention some of them. Billiard-tables; cigar-boxes; playing-cards; carpets and floor-cloths; carriage-trimmings; children's carriages; carriages and wagons; wheelwrighting, spokes, &c.; chromo-lithographs; confectionery; cork-cutting; fire-works; fire-arms; furniture; dressed furs; glass and glass ware; hair-works; saddlery and harness; ivory-work; jewelry and cases; liquors and cordials; looking-glasses and frames; malt; mineral and soda water apparatus; musical instruments; patent medi-

cines and drugs; perfumery; photographs and apparatus; tobacco-pipes; plated ware; pocket books; regalia and banners; show-cases; silver ware; tobacco and cigars; toys and games; trunks, valises, and satchels; umbrellas; canes and whips; upholstery materials; matches and cases. Now there is scarcely an article enumerated there—all respectable and all more or less useful, perhaps—that is not outside of the list of articles of positive necessity.

Mr. RICE. Is it not just in the use of those articles that society shows that it is thriving and becoming refined? Society must first supply itself with the necessaries; and when it has supplied itself with the necessaries, then, if it has got a surplus, is it not rather an evidence of prosperity that the demand for such articles occurs, and that therefore the supply increases? Is not that a sign of improvement rather than otherwise?

Mr. HINCHMAN. Certainly; it is the outgrowth and illustration of the times that we have had. Times of prosperity have produced an excess in the manufacture of articles appropriate to such times.

The CHAIRMAN. Is not that an evidence of the growth of civilization?

Mr. HINCHMAN. Yes.

Mr. RICE. A man cannot eat more than so much. He may eat things that cost him more than other things would cost; but he can only eat so much corn, so much potatoes, so much beef. When he has done that he may spend a good deal on horses, carriages, yachts, billiard-tables, playing-cards, jewelry, and all those things that you have been speaking of.

Mr. HINCHMAN. All right within the proper limits, I agree with you.

Mr. RICE. And the fact that there is an increased supply of such articles shows that there is an increased demand for them; and does not that show that the condition of society is improving rather than otherwise?

Mr. HINCHMAN. The fact that there is a glut of those things shows that there has been a demand for them which no longer exists.

Mr. RICE. Did I understand you to say that there is a glut of those articles?

Mr. HINCHMAN. We hear of a glut in almost every article offered in the market.

The CHAIRMAN. Now you define a glut differently. I told you that I had things that I could not sell, and you said that you would sell them for me.

Mr. HINCHMAN. A glut simply means a certain amount of goods that cannot be sold without loss, and where the owner does not want to make the loss. If I proclaim that I have a surplus I expect that the next man that I meet would be glad to relieve me of it.

The CHAIRMAN. The business in chromo-lithographs has increased very largely. Everybody who travels through the country sees these pictures everywhere. Where there were no pictures before you now see these chromo-lithographs. Prang & Co., of Boston, are the great manufacturers in this country of chromo-lithographs. It turned out that, in consequence of the demand for this article, that company was able to offer to the trustees of the Cooper Institute a chair for a teacher in industrial drawing, and has contributed $1,500 a year for that purpose for the last three years, and the class of pupils in industrial drawing has risen to over one hundred. The earnings of the pupils of the school for the last year were over $10,000, and as fast as they can get up to the point of becoming good teachers themselves, they are at once absorbed in the community and receive from $500 to $2,000 a year. There is one fruit of this demand for chromo-lithographs. Now, no human being can predict in what direction these things will work out, and give profitable and suitable employment to those who had no employment before.

Mr. HINCHMAN. I quite agree with you. There is no difference of opinion in that respect between us. What I mean to say is that many people who are now complaining of bare backs and empty stomachs have spent money within the last few years on this list of articles that I have read, which, if they had saved it, would have given them something to live upon.

The CHAIRMAN. Would not the moral of that be, "never spend money for anything that you can get along without?"

Mr. HINCHMAN. Not at all.

The CHAIRMAN. If we were always to refrain from spending, fearing that a rainy day might come, what would be the effect on the community? That certainly is what you advise us to do—not to spend anything except for the necessaries of life; and would not that put society back where it was two hundred years ago?

Mr. HINCHMAN. You appear to assume (which is a mistake) that I am opposed to refinement, or to the purchase of the various articles which minister to it. I am not at all. I am simply trying to illustrate, by these various charts which I have, that there has been a disproportion in industrial pursuits which on being adjusted, our troubles will cease.

The CHAIRMAN. If we stop buying these articles, and if there be a certain number of people now employed in making them, would they not be thrown out of employment?

Mr. HINCHMAN. The illustration which Professor Sumner made the other day in

regard to the introduction of improved machinery answers that question very clearly. If we stop buying these articles there will be a temporary inconvenience to somebody; there is no doubt about that. I was going on to say in regard to the item of liquors and cordials, that the raw materials for them in 1860 cost $56,000,000, and in 1870 $101,000,000. The net result of this table is that the articles which I have enumerated cost in 1860 $238,000,000, and in 1870 (reducing the amount to a gold value) $452,000,000. Our population had increased within that time 22½ per cent., but the production of those articles had increased (at gold value) 90 per cent. The labor which is bestowed upon part of that increase it would have been very well and profitable to dispose of in improving these twenty millions of acres of land that should have been improved.

The CHAIRMAN. Would not the result of that have been that a great many people would not have had the things which they wanted to have, and that there would have been an increase in the quantity of food, which has already been sufficient during all that time, because there has been no famine?

Mr. HINCHMAN. I think that there has been no time within the last 15 years that we could not have found a foreign market at paying prices for all the food that we could raise. Undoubtedly we could at some prices.

The CHAIRMAN. But the world has been fed. There has been no famine in civilized countries. By this process you would have increased the stock of food, and the people who were willing to buy these unnecessary articles would not have had them. Nobody would have been engaged in making them. People would not have had employment in that direction. Would that not have been a diversion of labor from something that society wanted to something which society did not need?

Mr. HINCHMAN. Decidedly the contrary. During the years from 1865 to 1873 we borrowed in Europe about $1,000,000,000. That $1,000,000,000 did not come here in gold and silver, or in anything that we could recognize as money, but it came to us in commodities.

The CHAIRMAN. Mainly in commodities of that very class of luxuries—such as silks and satins.

Mr. HINCHMAN. The annual importation of silk amounted to about $12,000,000.

The CHAIRMAN. It has been up as high as $20,000,000 a year since you have been in business.

Mr. HINCHMAN. Yes; from $12,000,000 to $20,000,000. It would have been far better for our people to have sent abroad the property which they now complain of as a surplus, and to have paid for those things, if necessary, rather than to have borrowed them.

The CHAIRMAN. But if we had not produced those very things at home, would we not have bought them abroad?

Mr. HINCHMAN. Probably, in the condition of affairs that then prevailed, our people would have been like an anxious and fretful child. What they wanted to have they would have had.

The CHAIRMAN. They did have it, and they did not ask whether it was made here or abroad. The only result of your theory, it seems to me, is that we would have bought these things abroad and not here, so that we would have been employing foreign labor instead of American labor.

Mr. HINCHMAN. Probably. I have a third paper which is an enumeration of occupations which supply clothing mainly. It takes in all the articles of clothing supply—material and manufacture. In round numbers in the year 1860 our supply of clothing cost us $429,000,000. In the year 1870 (reduced to a gold basis), it cost us $675,000,000, an advance of 57 per cent. against an increase of population of 22½ per cent.

Mr. RICE. Was not that a good sign? Did it not show that the community was improving and was able to have better clothes? Is not that just what we are working for?

Mr. HINCHMAN. I am not endeavoring to discriminate between good and bad; I am simply endeavoring to show a state of facts. Let you or others decide, if you choose, as to whether they were good or bad. The simple point that I want to make is covered by the remark that there has been considerable diversion of labor from things useful and necessary to those things which minister to a higher style of life, and to luxury; and that (the demand for that class of articles having slackened and gone out), as a matter of necessity, the people who were making them have got to go to other employments. There is no escape from it.

Mr. RICE. Not if there is an ability to purchase these articles on the part of society.

Mr. HINCHMAN. But there is not an ability. There is the very point.

Mr. RICE. If society was all at work as it was in the years when these articles were all sold; if there was no unemployed laboring people, and if people could buy as they then were able to buy, then the demand would be equal to what it was before, and might go beyond it.

Mr. HINCHMAN. In a state of industrial affairs in which there is no great excess produced in any one line of goods, there is a demand for about everything that is made.

We cannot make too much of desirable articles. The world never was, and never will be, satisfied with the amount of riches that it possesses.

Mr. RICE. It would be an unfortunate thing if it was, would it not?

Mr. HINCHMAN. That is a moral question. I do not know, Mr. Chairman, that I have anything more specially to submit.

The CHAIRMAN. I know the labor which that sort of work requires, and the committee wants to make its acknowledgments to you for the trouble you have taken. If witnesses generally would go through such preliminary preparation, it would save us a great deal of trouble.

Mr. HINCHMAN. I suggested in my first communication to you that I thought that a body of facts very useful might be prepared under the supervision of the committee, and I am still very strongly of that opinion. I think that in a mere matter of opinion, without a basis of facts, you will never come to a conclusion. Your opinions must be guided by, or based upon, something substantial; and it is, in my judgment, quite competent to make up, from accessible sources, such tabulated statement of existing affairs relating to business as will be very useful, not only to the committee, but to the public.

The CHAIRMAN. There is no doubt of it. The committee quite agree with you in that, and we hope to be able to accomplish that result. Mr. Walker, Superintendent of the Census, proposes to make in his next census report a very large series of comparative tables of that sort.

Mr. Hinchman left with the committee the following tables prepared by him:

	Product as per United States census reports.	Gain or loss from 1850 to 1860.	Product as per United States census reports.	Gain in product from 1860 to 1870.	Loss in product from 1860 to 1870.	Product as per United States census reports.	Product as it should have been, adding 22½ per cent. for increase of population.	Loss or gain as required to equal per capita gain from 1850 to 1860.	Product as required to equal per capita gain from 1850 to 1860.	As actually made above per capita gain required to equal gain from 1850 to 1860.	Loss or deficiency as actually made, showing amount required to equal per capita gain from 1850 to 1860.
	1850.	Per cent.	1860.	Per c't.	Per c't.	1870.	1870.	Per cent.	1870.	Gain.	Loss.
Number of farms cultivated	1,449,073	41.1	2,044,077	30.1	.....	2,659,985	2,493,773	26.0	2,575,536	.....	.....
Acres in farms	293,560,614	38.4	407,212,518	30.01	.....	407,735,041	496,841,924	24.2	506,978,762	.....	99,043,421
Acres improved	113,032,614	44.3	163,110,720	15.9	.....	188,921,099	198,995,078	28.1	208,781,721	.....	19,860,622
Horses used on farms	4,336,719	44.1	6,249,174	12.7	.....	7,142,849	7,623,991	28.0	7,998,937	.....	856,088
Horses not on farms	.....	.....	1,185,514	30.5	.....	1,547,370	1,446,327	.....	.....	101,043	.....
Neat cattle	17,778,907	63.0	28,967,028	.....	3.6	28,074,582	35,339,774	40.0	40,410,000	.....	12,335,418
Mules and asses	559,331	105.8	1,151,148	.....	2.1	1,125,415	1,404,400	67.2	1,914,409	.....	788,994
Sheep	21,723,220	3.4	22,471,285	26.2	.....	28,477,951	27,414,967	2.2	22,955,417	5,522,534	.....
Swine	30,354,213	10.4	33,512,867	.....	25.3	25,134,569	40,885,697	6.5	35,691,203	.....	10,566,034
Bushels of wheat	100,485,944	72.3	173,104,924	66.1	.....	287,745,626	211,188,024	45.9	251,694,594	36,051,032	.....
Bushels of rye	14,182,813	49.1	21,101,380	.....	20.0	16,918,795	25,743,683	31.4	26,798,751	.....	9,879,956
Bushels of corn	592,072,104	41.7	838,792,741	.....	9.3	760,944,549	1,023,328,742	26.5	1,056,883,660	.....	295,744,051
Bushels of oats	146,584,179	17.8	172,643,185	63.4	.....	282,107,157	210,624,685	12.0	191,857,934	90,249,223	.....
Bushels of barley	5,167,015	206.3	15,825,898	88.1	.....	29,761,305	19,307,618	130.9	36,409,706	.....	6,648,395
Pounds of rice	215,313,497	Loss 13.1	187,167,032	.....	60.7	73,635,021	228,343,770	Loss 8.3	162,193,670	.....	88,558,649
Pounds of tobacco	199,752,655	117.2	434,209,461	.....	39.5	262,733,341	525,735,660	74.4	753,337,091	.....	490,603,750
Bales of cotton	2,469,093	118.1	5,387,052	.....	44.1	3,011,966	6,572,192	75.0	9,373,432	.....	6,361,466
Bushels of buckwheat	8,956,912	96.2	17,571,818	.....	44.1	9,821,721	21,437,614	61.0	28,114,908	.....	18,283,187
Pounds of wool	52,516,959	14.7	60,264,913	66.3	.....	100,102,387	73,523,213	9.4	66,532,460	33,568,927	.....
Pounds of cheese, domestic	105,535,893	} 45.8	{ 103,663,927	} 6.6	.....	53,492,153	} 188,391,991	29.1	198,381,151	.....	9,988,160
Pounds of cheese, factory	.....	}	{ 50,000,000	}	.....	109,435,229	}				
Pounds of butter	313,345,306	46.7	459,681,372	11.8	.....	514,092,683	560,810,990	29.7	594,614,700	.....	80,522,017
Bushels of potatoes	65,797,896	68.9	111,148,867	29.0	.....	143,337,473	135,600,560	44.4	159,313,670	.....	15,976,197
Bushels of sweet potatoes	38,268,148	10—	42,095,026	.....	48.5	21,709,824	51,357,000	6.1	44,761,360	.....	23,051,536
Bushels of pease and beans	9,219,901	63.8	15,061,995	.....	61.9	5,746,027	18,384,000	40.5	21,477,000	.....	15,730,973
Tons of hay	13,838,642	38.0	19,083,896	30.1	.....	27,316,048	23,286,000	24.0	23,784,000	3,532,048	.....
Bushels of clover-seed	468,978	104.0	956,188	.....	33.2	639,657	1,166,508	63.2	1,568,156	.....	928,499
Bushels of grass-seed	416,831	116.0	900,040	.....	35.2	583,188	1,098,050	73.3	1,557,060	.....	973,872
Pounds of hops	3,479,029	189.5	10,991,996	140.6	.....	25,456,669	12,322,000	120.2	23,066,000	2,390,669	.....
Tons of hemp	34,875	113.5	74,493	.....	82.9	12,746	90,883	72.1	127,636	.....	114,890
Hogsheads of sugar	247,577	Loss 7.2	230,983	.....	62.4	87,043	281,803	4.6	220,588	.....	133,545
Pounds of maple sugar	34,253,436	17.1	40,120,205	.....	29—	28,443,645	48,942,000	10.8	44,400,000	.....	15,956,355
Gallons of sorghum molasses	.....	.....	6,749,123	138.5	.....	16,053,089	8,274,196	.....	.....	7,778,893	.....
Pounds of honey	14,853,790	57.3	23,366,357	.....	37.6	14,702,815	28,506,877	36.7	31,746,470	.....	17,043,655
Orchard products, value	$7,723,186	159.0	$19,991,885	{ 136.7	.....	$47,335,189	} $24,391,885	101.0	$40,000,000	.....	$2,131,859
				{ 89.4	.....	Gold 37,868,151					

Market garden, value	5,280,030	206.0	16,159,498	28.2 .1		20,719,229 Gold 16,575,384	19,714,700	130.8	37,167,500			16,448,271
Home-made products, value	27,493,644	Loss 10.2	24,546,876		4.6 24.1	23,423,332 Gold 18,738,666	29,947,800	6.5	22,828,656			3,089,990

REMARKS.

From 1850 to 1860 there were but three articles showing absolute loss: rice, sugar, and home-made products.

From 1850 to 1860 there were eight articles of thirty-seven enumerated which did not keep pace with population: sheep, swine, oats, rice, wool, maple sugar, sugar, home-made products.

From 1860 to 1870 there were eighteen articles of the thirty-seven showing an absolute loss, namely: neat cattle, mules, swine, rye, corn, rice, tobacco, cotton, buckwheat, sweet potatoes, pease and beans, clover-seed, grass-seed, hemp, sugar, maple sugar, honey, home-made products.

From 1860 to 1870 there were twenty-four articles of thirty-seven enumerated which did not keep pace with population; six, in addition to those named, showing a loss: acres in farms, improved acres, horses, cheese, butter, and market gardens.

Average number of acres cared for by one man, 32; about 3,120,000 farmers or 6,400,000 persons.

Comparative statement from United States census reports, 1870 and 1860, of occupations whose productions are of ephemeral character and generally applicable to personal enjoyment other than food, clothing, and shelter.

Manufactures of—	1870.					1860.				
	Establishments.	Persons employed.	Capital invested.	Wages paid.	Product in currency.	Establishments.	Persons employed.	Capital invested.	Wages paid.	Product in currency.
Billiard-tables	39	515	$815,000	$383,768	$1,692,943	25	298	$285,100	$139,176	$727,900
Cigar-boxes	104	783	274,610	242,130	960,222	10	22	16,350	8,748	31,800
Playing-cards	4	276	620,000	90,896	765,000	4	153	113,000	38,360	264,000
Carpets and floor-cloths	249	13,441	14,777,000	5,369,006	25,973,152	357	7,911	5,986,638	1,967,300	10,776,767
Carriage-trimmings	44	453	326,150	144,278	590,878	8	25	9,550	8,436	29,790
Children's carriages	53	913	746,628	417,327	1,432,838	32	357	134,470	129,540	374,350
Carriages and wagons	11,847	54,928	36,563,095	21,272,730	65,362,837	3,917	27,461	14,131,537	10,101,891	26,848,905
Wheelwrighting, spokes, &c	3,915	10,710	6,890,015	2,898,370	11,132,100	3,305	9,641	4,591,968	3,415,925	8,703,937
Chromo-lithographs	91	1,400	1,533,725	837,732	2,515,684	53	786	445,250	338,868	848,230
Confectionery	939	5,825	4,995,293	2,091,826	15,922,643	541	2,340	1,568,478	688,423	5,361,100
Cork-cutting	27	482	347,400	144,518	754,530	13	86	52,500	21,288	141,000
Fireworks	21	363	600,100	196,497	830,150	9	133	82,500	37,980	173,100
Fire-arms	46	3,297	4,016,902	2,490,774	5,582,258	239	2,056	2,512,781	885,898	2,362,681
Furniture	5,952	53,016	48,383,913	21,434,319	68,493,651	3,595	27,116	13,631,526	8,912,198	25,676,293
Dressed furs	182	2,903	3,472,267	1,042,305	8,903,052	95	1,293	1,163,600	268,574	3,115,755
Glass and glassware	157	12,953	10,855,082	6,334,148	15,423,554	112	9,016	6,133,666	2,903,832	8,775,155
Hair-work	230	1,651	766,875	416,294	1,971,839	44	155	72,600	44,388	237,012
Saddlery and harness	7,764	26,103	15,418,196	8,708,266	35,937,104	3,695	12,780	6,616,034	4,333,041	14,604,328
Ivory-work	20	272	586,450	172,968	1,080,210	19	307	89,550	88,608	253,204
Jewelry and cases	710	10,274	11,867,856	4,498,343	22,331,029	477	5,947	5,209,373	2,631,932	10,499,627
Liquors and cordials	2,725	24,282	80,206,805	10,823,418	101,770,554	2,642	12,708	30,251,507	4,414,603	56,594,156
Looking-glasses and frames	331	3,993	2,819,020	1,730,425	6,451,035	199	1,896	1,008,383	704,274	2,854,132
Malt	208	1,640	8,017,248	700,624	12,016,515	85	589	2,125,750	189,800	3,228,857
Mineral and soda water and apparatus	400	2,690	3,886,510	1,064,454	5,035,253	125	761	638,360	251,372	1,445,420
Musical instruments	337	7,167	9,544,761	5,106,191	13,895,708	247	4,773	4,621,100	2,527,388	6,959,918
Patent medicines and drugs	319	2,436	6,667,684	1,017,795	16,257,720	173	1,059	1,977,385	372,127	3,465,594
Perfumery	64	728	1,172,900	260,415	2,029,582	33	535	597,000	146,076	1,222,400
Photographs and apparatus	1,100	2,996	2,240,680	889,702	4,475,862	261	1,204	615,250	483,754	1,559,927
Tobacco-pipes	34	481	178,600	214,924	447,330	2	5	1,300	1,524	5,750
Plated ware	203	4,235	4,586,125	2,350,169	8,142,150	128	2,499	1,537,540	932,756	3,676,460
Pocket-books	60	733	351,225	293,258	1,108,380	40	820	208,200	156,996	706,037
Regalia and banners	29	410	251,650	114,702	636,476	6	23	12,000	5,508	26,900
Show-cases	47	353	178,300	219,384	838,699	9	40	17,900	18,648	85,200
Silver ware	55	815	1,282,550	542,113	2,344,357	106	1,344	1,716,050	556,140	3,571,654
Tobacco and cigars	5,204	47,848	24,914,330	13,215,332	72,762,944	626	18,859	9,494,405	3,571,294	21,825,535
Toys and games	49	615	312,800	182,255	577,865	12	176	87,000	44,688	184,000
Trunks, valises, and satchels	222	3,479	2,185,964	1,810,798	7,725,488	154	2,197	984,300	701,992	2,890,469
Umbrellas	83	2,618	1,737,757	837,580	4,098,032	72	2,170	1,077,742	477,360	3,082,402

Canes and whips	103	961	883, 561	384, 544	1, 243, 128	71	1, 179	372, 467	240, 658	852, 150
Upholstery materials	656	5, 332	6, 711, 761	1, 912, 892	10, 924, 000	199	1, 427	740, 330	425, 452	2, 920, 188
Watches and cases	106	2, 566	3, 418, 783	1, 881, 822	5, 213, 441	96	836	777, 811	361, 668	1, 527, 300
Totals	44, 826	316, 936	325, 505, 581	124, 739, 292	565, 652, 293	21, 866	163, 065	121, 704, 251	53, 548, 477	238, 430, 383
Less percentage to reduce product to gold value, as per estimate of United States census			117, 182, 000	44, 916, 145	203, 634, 825					
			208, 323, 581	79, 823, 147	362, 017, 468					
Add 22½ per cent. to equal population of 1870 (20 per cent. off)			260, 404, 465	99, 791, 440	452, 521, 834	4, 919	36, 690	27, 383, 456	12, 048, 407	53, 546, 836
Excess of hands, capital, and product over advance in population from 1860 to 1870 =	26, 785	199, 755	76 per cent. = 149, 087, 707	86.3 per cent. 65, 596, 884	90 per cent. 291, 977, 219	26, 785	199, 755	149, 087, 707	65, 596, 884	291, 977, 219
	18, 041	117, 181	59, 235, 874	14, 226, 263	70, 040, 249					
			111, 516, 758	34, 194, 555	160, 544, 115					
Capital, wages, and product in gold value per capita			657 16 826 63	251 51 311 30	1, 142 20 1, 423 33			746 63	328 52	1, 461 91
Hands employed per establishment		$27\frac{975}{1000}$					$7\frac{455}{1000}$			

Comparative statement from United States census reports of occupations for supply of clothing in years.

Manufactures of—	1870.					1860.				
	Establishments.	Hands employed.	Capital.	Wages paid.	Total product.	Establishments.	Hands employed.	Capital.	Wages paid.	Total product.
Bleaching and dyeing, less material	250	4,170	$5,006,950	$1,783,449	$5,404,829	102	3,203	$2,321,421	$953,024	$2,752,167
Boots, shoes, and findings	23,716	138,941	50,022,826	52,843,620	195,298,627	12,493	123,050	23,390,027	30,957,796	92,065,078
Buttons	64	1,912	1,013,700	580,380	1,778,893	43	1,161	558,550	260,206	947,408
Clothing	9,705	119,824	53,411,598	33,260,235	161,560,826	4,211	120,636	28,711,743	21,068,402	88,103,613
Combs	37	675	429,825	221,318	688,889	66	930	721,700	304,716	1,314,968
Cotton goods	819	135,763	140,907,892	39,103,383	177,903,687	1,051	121,428	98,754,219	23,797,882	114,941,752
Gloves and mittens	221	4,058	2,349,550	980,549	3,998,521	126	1,429	594,825	330,419	1,176,795
Hats and caps	545	17,187	7,658,206	7,011,777	28,173,930	655	11,764	4,154,372	3,815,824	16,937,782
Hoop-skirts, corsets, and suspenders	194	4,345	1,707,600	1,045,188	4,758,290	22	966	632,100	186,945	1,466,010
Hooks and eyes	9	185	185,000	72,646	269,582	5	117	139,800	34,824	194,200
India-rubber goods	56	6,025	7,486,600	2,559,877	14,566,374	27	2,768	3,534,000	794,570	5,642,700
Linen goods	100	2,511	2,850,000	634,889	2,993,785	26	602	746,636	125,059	820,404
Military goods	6	91	98,200	66,426	282,630	15	209	467,500	76,528	299,856
Millinery goods	1,668	7,296	2,514,126	1,222,957	6,795,852	1,002	5,780	1,745,677	1,090,210	6,026,428
Needles and pins	39	656	616,050	286,620	955,854	9	269	267,200	66,620	436,380
Printing cotton and wool goods, less material	42	8,894	13,367,553	3,438,080	8,074,402	29	3,905	3,510,250	1,088,296	4,086,249
Sewing machines and fixtures	69	8,421	9,421,231	5,780,221	15,837,394	88	2,452	1,494,450	1,143,384	4,403,206
Silk goods and twist	88	6,699	6,243,130	1,953,306	12,739,362	137	5,360	2,938,680	1,035,308	6,589,171
Straw goods	75	14,925	2,119,350	2,122,870	7,282,086	42	7,654	1,259,200	1,396,460	4,414,116
Woolen and worsted goods	2,040	90,790	107,259,210	31,017,129	173,388,527	2,022	45,367	35,684,539	10,773,769	69,739,479
Paper collars and cuffs, new	33	2,064	1,659,275	575,000	3,042,650					
Hosiery	248	14,788	10,931,260	4,429,085	18,411,564	197	9,103	4,035,510	1,661,972	7,280,606
36 per cent. for United States census value reduced to gold value	40,024	590,220	427,369,132 153,852,844	190,989,005 68,756,040	844,205,464 303,913,800	22,368	468,153	215,662,399	100,962,214	429,478,368
			273,516,288	122,232,965	540,291,664					
Reduced as per average value of gold, June 30, 1869, to January 1, 1870, 20 per cent			339,895,305	152,791,200	675,364,400					
Add 22½ per cent. for increase of population, 1860 to 1870						5,010	107,334	48,523,990	22,614,495	96,633,130
						27,376	575,487	264,186,389	123,576,709	526,111,

	27, 376	575, 487	264, 186, 389	123, 576, 709	526, 111, 498					
Product over increase of population, 1860 to 1870	12, 648	14, 733	75, 708, 916	29, 214, 491	149, 252, 902					
		26 pc.	58. 3 pc.	51 pc.	57. 2 pc.					
Capital, wages, and product, per capita in gold value			575 88	258 87	1, 144 26			460 67	215 66	917 40
Hands employed per establishment		12. 25					20. 93			

	1840.	1850.	1860.	1870.
Population in United States	17, 069, 453	23, 191, 876	31, 443, 321	38, 558, 371
Employed in agriculture	3, 717, 556	21. 5 pc., 6, 493, 725	28 pc., 3, 219, 574	15.36 pc., 5, 922, 471
Employed in manufacturing	791, 545	957, 059	1, 311, 246	2, 053, 996
Employed in mining and mechanical trades				653, 461
Employed in personal and professional				2, 684, 793
Employed in transportation and merchandise				1, 191, 238
Employed in all classes of occupations				12, 505, 923
Product of agriculture in value		$1, 326, 691, 326		$2, 447, 538, 658

	1860.	1870.
Total manufactures as revised	$1, 885, 861, 676	$3, 924, 938, 660
Less 20 per cent. for gold value		784, 987, 732
		3, 139, 950, 928
Increased per cent.		66. 05

APPENDIX.

The following additional statements were furnished by witnesses subsequently to their examination, and were, with the selected correspondence, ordered to be published as an appendix:

A.

THE SHOE AND LEATHER TRADE.—INFORMATION IN CONNECTION WITH THE STATEMENT OF MR. GEORGE WALKER, p. 271.

WORCESTER, MASS., *January* 16, 1879.

To the honorable the Labor Committee of the Forty-fifth Congress:

GENTLEMEN: Not being able to appear before your committee to testify in our own behalf, we beg leave to submit through our representative, the Hon. W. W. Rice, the report of the committee appointed to investigate and report the amount earned by workmen employed at the four principal branches of the boot trade in the city of Worcester, Mass., for the year 1878, without regard to the number of hours worked each day or the number of days employed during the year (the workmen averaged about nine months' work).

Respectfully submitted.

GEO. G. BAILEY,
PETER LYNCH,
DANIEL DUGGAN,
JAMES HENNESSY,
PATRICK DOHERTY,
Committee.

The Hon. ABRAM S. HEWITT,
Chairman of Congressional Labor Committee.

N. B.—An affidavit will be made in support of the inclosed report if deemed necessary.

G. G. BAILEY,
Chairman Committee, No. 10 *Howard street, Worcester, Mass.*

WORCESTER MASS., *January* 16, 1879.

At a public meeting of the boot and shoe makers of this city, held Monday evening, December 30, 1878, the committee appointed to ascertain the amount of wages earned by the workmen engaged in the four principal branches of the trade, and also the cost of living, beg leave to submit the following amount of earnings and expenditures for the year 1878; no consideration for the number of hours per day or days employed in the year:

	Per annum.
Crimpers	$460 00
Hand-siders	300 00
Bottomers	310 00
Treers	520 00

Allowing the families to average six persons, father, mother, and four children, you get the average per head per annum and per week.

Allowing for rent per year at $6 per month	$72 00
For fuel per year	30 00
	102 00

Crimpers' families, deducting for rent and fuel, receive each, for food, clothing, school-books, and doctor's bills, $59.67 per annum, or $1.14¾ per week.

Hand-siders, deducting for rent and fuel, receive each, for food, clothing, school-books, and doctor's bills, $33 per annum, or $0.63¼ per week.

Bottomers, deducting for rent and fuel, receive each, for food, clothing, school-books, and doctor's bills, $34.67 per annum, or $0.66⅔ per week.

Treers, deducting for rent and fuel, receive each, for food, clothing, school-books, doctor's bills, $69.67 per annum, or $1.34 per week.

G. G. BAILEY,
PETER LYNCH,
JAMES HENNESSY,
JOHN TROY,
DANIEL DUGGAN,
PATRICK DOHERTY,
Committee.

B.

WAGES AND PRICES, 1860, 1872, AND 1878.

IN CONNECTION WITH STATEMENT OF CARROLL D. WRIGHT, p. 284.

[Advance sheets from the Tenth Annual Report of the Massachusetts Bureau of Statistics of Labor.]

We presented in the bureau report for 1874 the "comparative rates of wages and hours of labor in Massachusetts and foreign countries," and also the "prices of provisions, &c., and purchase-power of money in Massachusetts and Europe." The wages and prices there given were for the year 1872, the European figures having been collected in that year. These wages and prices were figured and presented upon a double standard—that of the United States paper dollar of 1872, and also on the gold basis.

For many reasons it seemed to us that a showing of wages and prices for 1878, which could be compared with the returns of previous years, would be of great value. The small premium on gold during the year 1878, which premium was extinguished before the close of the year, renders our quotations of wages and prices for 1878 gold values, and allows of direct comparison with the gold values arrived at for 1872. In obtaining our figures for 1878 we deemed it advisable and important to also obtain quotations for some year previous to 1872. We decided upon 1860, not because we have any statistics to prove that 1860 was more or less prosperous than 1859 or 1861, but principally because it was the year just preceding the war, and the popular mind has fallen into the groove of speaking of things as they were "before the war." In a statistical sense, we should be as much warranted in comparing 1878 with any other year preceding as with 1860.

Before beginning our investigations, we were aware that the popular opinion was that we had reached "hard pan," and that in wages and prices 1878 and 1860 were so near alike as to lead people to feel that "the good old times had come again." While we could not see how any believer in the material advancement of the country could find much satisfaction in proving that we are now where we were in 1860, our sole object was to gain the facts. If they sustained the public opinion, well and good. If they showed that public opinion was in error, in a greater or less degree, then we had performed our duty of ascertaining facts and supplying valuable and incontrovertible data for the information and use of the legislature, the press, and the public generally.

In our presentations for 1860 and 1878 we have aimed to make such showings as will allow of strict comparison with our figures for 1872. We consider—

First. The comparative rate of wages for 1860, 1872, and 1878. It should be remembered that, for each year, our quotations are *average weekly wages*, and not *earnings*. A man's average weekly wage, when employed, may be $10 per week; but it does not follow that his *yearly earnings* may be obtained by multiplying $10 by 52, the number of weeks in the year. Statistical statements are so often quoted in a misleading way we feel obliged to make this explicit definition of our use of the terms *wages* and *earnings*.

Second. We present, in Part V of this report, some facts in relation to the hours of labor. It will there be seen that 263,452 persons, in 1875, worked an average number of 266.6 days out of a possible yearly working period of 308 days. This average period of 41.4 days unemployed, or about seven weeks of six working days each, shows that it is not fair to multiply average weekly *wages* by more than 45 (weeks) in order to obtain approximate yearly *earnings;* and then, in the case of each industry, as will be seen in our consideration of the hours of labor, the time unemployed varies.

Third. We give prices of groceries, provisions, fuel, dry goods, boots and shoes, rent, and board for 1860, 1872, and 1878. Our agents have secured these prices from retail dealers who supply consumers directly. In no case have we made use of quotations from wholesale price lists. The dealer who furnished figures for 1878 from his books also supplied from his old records, the prices for 1860. Our quotations for 1860 and 1878 are strictly comparable with the prices obtained for 1872. In this investigation, as in the previous one, to secure the prices of provisions, rent, &c., we have taken the testimony of respectable dealers in the various articles given, in town and country; and, while the prices furnished us have differed materially in many instances, yet, when we ascertained the prices for the same grade of goods, we have been satisfied of

the accuracy of our information. Where prices are given, we mean for a good fair article, unless especially stated otherwise; and although many, in comparing our figures with their actual expense, may discover seeming discrepancies, nevertheless they would find that they were caused by some corresponding discrepancy in quality. It is of course impossible to give a price that can be verified in every town in the State. We have aimed at a standard price, and it is sufficiently reliable and accurate for our purpose.

Fourth. We give a table showing the purchase-power of money in 1860, 1825, and 1878, using the gold dollar as the standard. We mean, by purchase-power of money, what quantity the gold dollar would buy of any article entering into the cost of living in the different years mentioned. Of course a perfect comparison cannot be made, from the fact that the prices are not likely to represent exactly the same grade of goods for each year. We consider, however, that the table shows, as clearly as any statistics possibly can, what a man's wages were worth to him in 1860, 1872, and 1878, provided his manner of living remained the same.

In the prosecution of our investigations for 1860 and 1878, thirty-four cities and towns were visited, and in each, with a few unavoidable exceptions explained hereinafter, comparative wages and prices were secured by our agents for both the years named. The columns in succeeding tables, giving figures for 1872, are drawn from our report for 1874, to which we have previously referred.

In order to show the comprehensiveness of our investigations, it is necessary to make certain comparisons. The thirty-four cities and towns visited employed in 1875, according to the census returns, 170,346 persons in manufacturing and mechanical industries, or 55 + per cent. of 308,963, the whole number of employés in those industries in the State at the time the census of 1875 was taken.

Our agents secured in these places the wages for 1860 and 1878, of 63,515 employés, being 37 + per cent. of all employed in those cities and towns, and 20 + per cent. of all employed in the State. The following table shows in detail the whole number employed in manufacturing and mechanical industries in each city and town visited, according to the census of 1875, and the number of employés in each city and town for which wages for 1860 and 1878 were obtained by our agents:

TABLE I.—*The investigation by cities and towns.*

Counties, cities, and towns.	Number of employés for which wages for 1860 and 1878 were obtained.	Whole number employed in manufacturing and mechanical industries, according to census, 1875.
BERKSHIRE COUNTY.		
Adams	2,625	4,606
Great Barrington	325	667
Lee	500	685
Pittsfield	770	2,066
ESSEX COUNTY.		
Haverhill	873	3,716
Ipswich	300	631
Lawrence	6,350	13,113
Lynn	7,904	10,859
Methuen	530	1,466
Newburyport	510	2,777
Peabody	400	1,112
Rockport	600	746
Salem	1,700	4,877
FRANKLIN COUNTY.		
Buckland	210	361
Montague	990	1,008
HAMPDEN COUNTY.		
Chicopee	1,354	3,521
Holyoke	4,600	6,447
Monson	400	642
Springfield	1,295	6,927
Westfield	290	1,717
HAMPSHIRE COUNTY.		
Easthampton	360	1,209
Northampton	875	1,888
Ware	1,300	1,745
MIDDLESEX COUNTY.		
Cambridge	1,576	6,953
Lowell	8,422	18,311
Somerville	435	1,991
NORFOLK COUNTY.		
Quincy	600	1,431
SUFFOLK COUNTY.		
Boston	9,862	49,656
WORCESTER COUNTY.		
Clinton	1,100	2,238
Fitchburg	625	2,636
Leicester	300	621
Millbury	228	1,273
Webster	400	1,692
Worcester	4,806	10,770
Total	63,515	170,346

Our investigations, as regards industries, covered forty-seven occupations, in which 306,887 persons were employed in 1875. We obtained the wages of 63,515 employés for 1860 and 1878, being 20 per cent. of the whole number. The distribution in detail by occupations, as we have similarly shown by cities and towns, may be found in the following table:

TABLE II.—*The investigation by occupations.*

Occupations.	Number of employés for which wages for 1860 and 1878 were obtained.	Whole number employed in manufacturing and mechanical industries, according to census, 1875.	Occupations.	Number of employés for which wages for 1860 and 1878 were obtained.	Whole number employed in manufacturing and mechanical industries, according to census, 1875.
Agricultural laborers	420	18,006	Matches	110	143
Arms and ammunition	750	1,109	Metals and metallic goods	910	
Artisans' tools	240	1,240	Cutlery	960	
Blacksmiths	193	2,458	Safes	101	17,563
Bleaching, dyeing, and printing	2,875	3,750	Type	200	
Bookbinding	531	1,096	Millinery	104	339
Boots and shoes	11,040	48,090	Musical instruments	445	2,249
Boxes	193	1,528	Paints	107	304
Bread and crackers	261	2,091	Paper	2,775	
Breweries	260	268	Envelopes	375	6,493
Bricks	419	2,394	Preserved meats, pickles, &c	129	
Brushes	189	529	Printing	1,092	4,641
Building-trades	1,742	44,181	Rubber goods, elastic fabrics	360	1,054
Cabinet-making	1,063	6,949	Ships	40	1,454
Carpetings	1,720	3,119	Silk	520	860
Carriages	147	3,072	Soap and candles	218	378
Clothing	2,739	13,437	Stone	1,200	2,553
Hosiery	220		Straw goods	400	4,991
Corsets	171	265	Tobacco	290	1,350
Cotton goods	14,424	60,176	Woolen goods	8,145	
Dressmaking	527	9,691	Wool hats	273	19,036
Glass	367	1,291	Worsted goods	1,000	1,499
Leather	1,020	6,620			
Linen and jute goods	700	1,059			
Machines and machinery	1,550	9,561	Totals	63,515	306,887

If the validity of the figures which we present for 1860 and 1878 is questioned because the results do not coincide with public opinion previously expressed, we can say, in support of our returns, that they were secured by our agents on the spot where the parties were employed; that in the boot and shoe towns, where possible, the figures obtained were compared with those of the Crispin organization; that every practicable means for the verification of figures presented has been made use of by this bureau; and that, finally, we consider a showing is fully representative and worthy of credence which is based upon returns for 37 per cent. of all employés in 34 important manufacturing cities and towns, and which covers 20 per cent. of the employés in 47 principal branches of industry, especially when it is borne in mind that the shops and factories visited were taken at random by our agents, who were only instructed to make returns for a certain number of employés in certain industries in certain towns. In the boot and shoe and cotton and woolen industries we have returns for 33,609 out of 127,302, or 26+ per cent. We are satisfied that our figures are founded upon such full and accurate returns that they cannot be effectually gainsaid.

WAGES.

Our first presentation of wages is a table showing the average weekly wage in the different occupations considered for the years 1860, 1872, and 1878, based upon the standard of gold. In addition we give a column which shows the actual money increase or decrease in average weekly wages for 1878 as compared with 1860. In some cases it was impossible to obtain the wages for 1860. Many industries have been started since then. Some have grown from the position of minor industries to that of important ones; and their conditions for 1860 and 1878 are not comparable. Others have changed their character so much, owing to the introduction of machinery, that comparative figures would be misleading; and they are consequently not given. In some instances, where wages for 1860 were not obtainable, the figures for 1872 appear, and allow of comparison with those for 1878. We have stated that the wages of 63,515

employés for 1860 and 1878 were obtained by our agents. The statement is strictly correct for 1878. The number for 1860 was undoubtedly somewhat less; but the same employer who furnished rates of wages for 1878 supplied those for 1860; and, in some industries, certain firms employed more hands in 1860 than in 1878, especially in those industries where the introduction of machinery has been most marked. We therefore consider the figures 63,515 equally applicable to 1860 and 1878. In the examination of Table III, the following notes will be found of value:

NOTES.

The "dash" (—) indicates that the wages were not obtained; the sign of equality (=), that there has been no change in wages. In the manufacture of bricks the employés in 1860 and 1878 received the wages mentioned, and their board; while in 1872 they were obliged to pay their own board. The most marked decrease in wages is shown in the shipbuilding industry.

TABLE III.—*Average weekly wage*, 1860, 1872, *and* 1878.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
AGRICULTURE.				
Laborers, per month, with board	$13 63	$23 09	$15 72	+ $2 09
Laborers, per day, without board	90	—	1 25	+ 35
ARMS AND AMMUNITION.				
Machinists	14 00	—	18 00	+ 4 00
Machinists, foremen	37 50	—	37 50	=
Inspectors	12 00	—	15 00	+ 3 00
Inspectors, foremen	30 00	—	30 00	=
Fitters	13 00	—	16 50	+ 3 50
Tool-makers	9 75	—	17 12	+ 7 37
Armorers	9 45	—	14 25	+ 4 80
Watchmen	10 00	—	12 50	+ 2 50
Firemen	11 00	—	13 50	+ 2 50
Engineers	12 00	—	15 00	+ 3 00
Laborers	6 00	—	8 00	+ 2 00
Boys	5 10	—	6 00	+ 90
ARTISANS' TOOLS.				
Pattern-makers	—	—	18 00	—
File-cutters	8 00	—	8 00	=
Machinists	—	—	12 75	—
Hardeners	6 50	—	8 00	+ 1 50
Forgers	11 33	—	15 00	+ 3 67
Molders	—	—	14 40	—
Wood-workers	11 00	—	11 50	+ 50
Finishers	10 50	—	13 50	+ 3 00
Helpers	6 83	—	8 83	+ 2 00
Laborers	5 00	—	6 75	+ 1 75
BLACKSMITHING.				
Blacksmiths	9 30	16 44	13 75	+ 4 45
BLEACHING, DYEING, AND PRINTING.				
Overseers	27 50	20 77	20 77	— 6 75
Engine-tenders	—	12 00	11 00	—
Printers	25 00	21 33	26 40	+ 1 40
Back-tenders	5 00	7 09	6 65	+ 1 65
Dyers	5 50	8 00	6 00	+ 50
Designers	25 00	26 67	25 00	=
Engravers	23 50	21 33	23 80	+ 30
Driers	5 00	—	5 50	+ 50
Starchers	5 50	—	5 75	+ 25
Finishers and packers	6 00	6 88	7 07	+ 1 07
Soapers	—	—	6 00	—
Dyers and steamers	—	8 00	6 00	—
Singers	—	8 00	6 75	—
Engineers	—	—	9 00	—
Carpenters	—	13 33	9 00	—
Teamsters	—	10 67	8 40	—
Mechanics, repairs	11 10	14 67	13 50	+ 2 40
Color-mixers	5 00	8 00	6 12	+ 1 12
Watchmen	7 00	12 00	8 90	+ 1 90
Firemen	6 00	—	7 50	+ 1 50
Men	5 50	—	6 33	+ 83
Women	4 25	—	4 95	+ 70
Boys	3 37	3 31	3 90	+ 53

TABLE III.—*Average weekly wage, 1860, 1872, and 1878*—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
BLEACHING DYEING, AND PRINTING—Continued.				
Girls	—	—	$4 80	—
Boys and girls	$2 75	—	3 60	+$0 85
Laborers	5 25	—	6 37	+ 1 12
BOOKBINDING.				
Gilders	17 00	—	20 00	+ 3 00
Finishers	14 85	$19 32	17 77	+ 2 92
Forwarders	13 89	18 36	16 20	+ 2 31
Folders and sewers, women	5 21	6 66	6 05	+ 84
Collators, women	5 66	6 74	6 32	+ 66
BOOTS AND SHOES.				
Cutters	12 00	14 81	11 05	— 95
Bottomers	10 50	16 00	10 71	+ 21
Machine-closers	13 50	—	14 25	+ 75
Boot-treers	10 50	—	12 00	+ 1 50
Crimpers	10 50	—	10 00	— 50
Fitters	—	14 22	12 00	—
Finishers	14 50	16 00	11 75	— 2 75
Buffers	—	—	19 50	—
Heelers	—	17 78	13 75	—
Edge-setters	12 00	17 78	13 00	+ 1 00
Shoemakers	10 33	14 66	8 00	— 2 33
Machine hands, women	8 25	8 89	7 33	— 92
McKay operators	—	22 22	17 75	—
Beaters	11 50	—	8 00	— 3 50
Beaters-out	—	16 89	15 00	—
Trimmers	18 00	17 78	12 25	— 5 75
Women	5 50	—	8 00	+ 2 50
BOXES.				
Men	11 20	13 33	11 57	+ 37
Women and girls	5 71	5 48	5 09	— 62
Boys	3 50	4 77	5 00	+ 1 50
BREAD, CRACKERS, ETC.				
Bread-bakers	8 06	13 10	11 97	+ 3 91
Cracker-bakers	7 83	12 44	12 00	+ 4 17
Drivers	12 60	—	16 61	+ 4 01
Shippers	9 55	—	12 00	+ 2 45
Packers, women	6 93	—	7 87	+ 94
BREWERIES.				
Teamsters	9 95	12 00	12 00	+ 2 05
Engineers	13 50	13 78	14 75	+ 1 25
Watchmen	8 00	12 15	9 66	+ 1 66
Carpenters	10 00	16 00	12 00	+ 2 00
Painters	10 50	16 00	12 00	+ 1 50
Wash-house	9 66	11 11	10 96	+ 1 30
Mash-floor	12 19	11 55	12 81	+ 62
Coopers	12 00	16 00	15 00	+ 3 00
BRICKS.	With board.	Without board.	With board.	
Molders	3 10	11 36	3 37	+ 27
Sorters	2 97	7 69	3 12	+ 15
Loaders	3 12	7 69	3 96	+ 84
Barrow-men	3 43	8 82	3 85	+ 42
Overseers	7 50	13 33	8 50	+ 1 00
Engineers	6 00	15 92	7 50	+ 1 50
Carpenters	6 00	14 16	6 00	—
Pressers	6 00	10 04	5 36	— 64
Face-brick men	6 00	10 04	7 06	+ 1 06
Burners' assistants	9 83	18 12	13 57	+ 3 74
Laborers	2 96	8 40	3 00	+ 04
Teamsters	3 23	7 78	3 77	+ 54
Hostlers	3 00	7 78	3 00	—
Blacksmiths	4 00	12 89	4 00	—
BRUSHES.				
Finishers	14 00	16 89	13 48	— 52
Finishers, low-grade work	7 00	—	6 00	— 1 00
Nailers	14 80	15 55	17 10	+ 2 30
Paint-brush makers	13 66	17 78	18 00	+ 4 34
Paint-brush makers, fine work	21 00	—	25 00	+ 4 00
Painters	—	17 78	15 00	—
Borers	11 64	14 41	15 10	+ 3 36
Combers	12 47	14 52	14 24	+ 1 77

TABLE III.—*Average weekly wage, 1860, 1872, and 1878*—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
BRUSHES—Continued.				
Combers, low-grade work	—	—	$8 00	—
Washers	$7 50	—	8 00	+ $0 50
Pan-hands, women	5 27	$6 22	5 01	— 26
Drawers, women	5 05	4 88	4 70	— 35
Boys	4 00	4 44	5 00	+ 1 00
BUILDING TRADES.				
Carpenters	9 92	14 66	11 33	+ 1 41
Painters and glaziers	11 03	14 11	13 85	+ 2 82
Steam and gas fitters	10 28	19 55	12 16	+ 1 88
Slaters	14 39	16 00	12 50	— 1 89
Paper-hangers	12 97	14 82	16 45	+ 3 48
Plumbers	14 05	14 22	18 00	+ 3 95
Plasterers	10 18	21 33	12 25	+ 2 07
Masons	11 45	21 33	13 37	+ 1 92
Carpenters' laborers	7 16	—	8 29	+ 1 13
Masons' and plasterers' laborers	7 12	12 22	8 13	+ 99
CABINET-MAKING.				
Chair-makers	10 11	11 56	11 00	+ 89
Decorators	20 50	22 22	24 00	+ 3 50
Gilders	15 00	17 33	17 00	+ 2 00
Turners	11 80	15 11	11 60	— 20
Carvers	12 80	16 00	12 33	— 47
Cabinet-makers	10 56	14 66	11 03	+ 47
Mill-men	10 05	12 44	10 67	+ 62
Polishers and finishers	10 00	11 34	10 25	+ 25
Upholsterers	10 90	14 66	11 42	+ 52
Upholstery sewers, women	6 00	6 07	7 00	+ 1 00
CARPETINGS.				
Wool-sorters	6 50	—	9 25	+ 2 75
Wool-washers	5 50	—	7 25	+ 1 75
Wool-preparers	5 50	—	6 50	+ 1 00
Combers	6 00	—	6 30	+ 30
Finishers	5 25	8 15	5 57	+ 32
Dyers and driers	6 00	9 93	7 50	+ 1 50
Drawing in	4 80	—	7 13	+ 2 33
Filling-boys	2 50	—	3 50	+ 1 00
Drawers	6 00	—	6 50	+ 50
Dressers	7 50	—	10 50	+ 3 00
Weavers	6 50	7 46	8 50	+ 2 00
Burlers	3 50	—	4 70	+ 1 20
Section hands	7 50	—	10 33	+ 2 83
Drawers and spinners	—	—	4 35	—
Doffers	3 00	—	3 00	=
Frame-spinners	4 50	5 08	5 00	+ 50
Twisters	7 50	—	9 00	+ 1 50
Carders	—	—	16 75	—
Firemen	6 00	—	7 00	+ 1 00
Packers	—	—	7 50	—
Overseers	24 00	22 67	27 00	+ 3 00
Machinists and carpenters	9 00	9 87	11 00	+ 2 00
Watchmen	7 00	—	10 00	+ 3 00
Laborers	5 00	—	7 05	+ 2 05
Laborers, boys	—	—	3 75	—
CARRIAGES.				
Body-makers	11 82	19 55	15 70	+ 3 88
Painters	11 90	17 33	14 56	+ 2 66
Carriage-part makers	9 50	17 48	14 14	+ 4 64
Wheelwrights	10 64	17 77	13 70	+ 3 06
Trimmers	12 62	17 77	15 80	+ 3 18
Blacksmiths	11 20	16 00	15 34	+ 4 14
Blacksmiths' helpers	7 50	12 44	9 00	+ 1 50
CORSETS.				
Forewomen	—	10 67	7 66	—
Overlookers	—	7 11	5 71	—
Embroiderers	—	7 11	6 47	—
Needle-hands	—	7 11	5 37	—
Finishers and packers	—	—	4 50	—
Machine-hands	—	8 00	6 02	—
Boners	—	7 11	4 00	—
Eyeleters	—	7 11	6 37	—
Binders	—	—	6 78	—
Cutters	—	—	7 00	—

TABLE III.—*Average weekly wage*, 1860, 1872, *and* 1878—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
CORSETS—Continued.				
Cutters, men	—	$16 00	$12 00	—
Pressers	—	8 89	7 50	—
Pressers, men	—	—	14 00	—
Custom-work	—	—	5 00	—
CLOTHING (READY-MADE).				
Overseers	$19 45	24 45	24 82	+ $5 37
Cutters	13 92	19 85	16 00	+ 2 08
Trimmers	11 06	11 26	14 31	+ 3 25
Pressers	9 17	16 05	10 28	+ 1 11
Basters, women	6 32	7 77	6 46	+ 14
Machine-operators, women	5 53	10 81	5 92	+ 39
Finishers, at home, women	4 00	—	3 46	− 54
Finishers, in shop, women	4 56	4 74	4 58	+ 02
Finishers, contract, women	—	—	3 50	—
Finishers, custom, women	6 00	—	8 00	+ 2 00
Pants and vest makers, custom-work, women	5 58	—	6 90	+ 1 32
COTTON GOODS.				
Openers and pickers	4 76	7 35	6 23	+ 1 47
Openers and pickers, boys	2 57	4 55	3 45	+ 88
Strippers	4 48	7 00	5 06	+ 58
Strippers and grinders	4 50	7 75	7 95	+ 3 45
Grinders	6 51	7 50	7 34	+ 83
Frame-tenders	3 48	5 65	4 47	+ 99
Drawers	2 33	—	3 70	+ 1 37
Railway and alley boys	2 70	—	3 45	+ 75
Slubbers	3 50	3 30	4 80	+ 1 30
Overseers of carding	16 70	26 67	18 72	+ 2 02
Section hands	12 00	—	11 40	− 60
Second hands	8 00	16 00	10 00	+ 2 00
Overseers of spinning	17 70	26 67	19 45	+ 1 75
Second hands	7 00	14 67	8 00	+ 1 00
Section hands	9 00	—	11 40	+ 2 40
General hands	6 00	—	6 44	+ 44
Young persons	3 46	4 59	3 72	+ 26
Spare hands	3 45	4 53	4 00	+ 55
Mule-spinners	6 33	10 70	7 41	+ 1 08
Mule-spinners, women	—	6 30	4 00	—
Mule-spinners, boys	1 98	—	1 68	− 30
Back-boys	2 07	3 68	2 32	+ 25
Doffers	3 00	—	4 65	+ 1 65
Frame-spinners	3 28	—	3 96	+ 68
Frame-spinners, boys and girls	2 68	4 55	3 34	+ 66
Frame-spinners, girls	2 37	—	3 52	+ 15
Frame-spinners, boys	—	—	2 70	—
Frame-spinners, women	—	4 96	2 83	—
Ring-spinners, overseers	11 52	—	18 00	+ 6 48
Ring-spinners, second hands	7 50	—	9 00	+ 1 50
Ring-spinners, third hands	4 00	—	5 50	+ 1 50
Ring-spinners, girls	3 60	—	4 20	+ 60
Ring-spinners, spare hands, girls	3 30	—	3 90	+ 60
Doffers, boys and girls	1 50	—	2 42	+ 92
Doffers, boys	2 56	4 00	2 80	+ 24
Fly and jack-frame tenders	3 50	—	5 80	+ 2 30
Reeling and warping, overseers	9 00	14 67	15 00	+ 6 00
Reeling and warping, second hands	4 50	9 33	9 00	+ 4 50
Reeling and warping, spare hands, girls	2 40	4 48	4 20	+ 1 80
Reeling and warping, spoolers	2 62	4 85	3 96	+ 1 34
Reeling and warping, overseer of spoolers	13 50	—	16 50	+ 3 00
Reeling and warping, young persons	2 53	4 53	3 00	+ 47
Reelers	3 54	6 40	5 35	+ 1 81
Beamers	7 35	—	9 25	+ 1 90
Warpers	4 22	5 90	5 30	+ 1 08
Dressers	8 19	15 47	11 27	+ 3 08
Dressers, overseers	21 91	21 33	20 40	− 1 51
Slasher-tenders	—	10 00	9 79	—
Thread-dressers	6 75	—	7 95	+ 1 20
Drawers	4 56	5 64	5 55	+ 99
Drawers, second hands	8 25	14 57	12 08	+ 3 83
Drawers, section hands	6 25	10 67	8 34	+ 2 09
Drawers, third hands	6 00	8 80	6 90	+ 90
Drawers, room hands	5 00	—	6 00	+ 1 00
Quillers	2 77	3 68	3 67	+ 90
Twisters	6 00	8 00	9 00	+ 3 00
Twisters, women	4 50	5 33	5 00	+ 50
Winders	8 33	—	11 33	+ 3 00
Winders, women	4 45	—	5 94	+ 1 49

TABLE III.—*Average weekly wage*, 1860, 1872, *and* 1878—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
COTTON GOODS—Continued.				
Winders, overseers	$15 00	—	$18 00	+ $3 00
Weavers	4 44	—	5 88	+ 1 44
Weavers, overseers	17 41	—	20 00	+ 2 59
Weavers, second hands	7 00	—	9 00	+ 2 00
Weavers, section hands	7 74	$10 67	9 71	+ 1 97
Weavers, spare hands	4 50	6 61	5 25	+ 75
Weavers, 4 looms	—	5 78	3 96	—
Weavers, 5 looms	—	7 81	4 50	—
Weavers, 6 looms	—	9 50	5 01	—
Weavers, 8 looms	—	11 33	6 30	—
Bobbin-boys	4 00	—	4 50	+ 50
Cloth-room overseers	18 10	14 67	17 25	— 85
Cloth-room, second hands	7 17	8 64	9 30	+ 2 13
Cloth-room, men	5 44	8 16	6 45	+ 1 01
Cloth-room, women and boys	4 06	4 80	4 27	+ 21
Packing-room, girls and boys	4 03	—	4 70	+ 67
Dyers	5 87	8 93	8 13	+ 2 26
Bundlers	6 00	8 69	8 88	+ 2 88
Overseers of repairs	17 10	17 33	20 00	+ 2 90
Mechanics	8 35	12 76	10 72	+ 2 37
Mechanics' laborers	5 47	8 72	6 94	+ 1 47
Engineers	9 00	—	11 37	+ 2 37
Firemen	7 09	—	8 33	+ 1 24
Overseers of yard	11 56	—	16 05	+ 4 49
Yard-hands	5 22	8 76	6 32	+ 1 10
Watchmen	6 83	—	8 12	+ 1 29
Teamsters	5 40	10 67	8 01	+ 2 61
CUTLERY.				
Forgers	9 40	—	12 00	+ 2 60
Forgers' helpers	6 00	—	6 00	=
Grinders	12 60	—	11 65	— 95
Sawyers	8 25	—	9 00	+ 75
Hafters and finishers	9 00	—	10 62	+ 1 62
Hafters and finishers, boys	3 00	—	3 30	+ 30
Machinists	11 00	—	14 25	+ 3 25
Packers	5 75	—	6 00	+ 25
Inspectors	10 00	—	10 50	+ 50
Inspectors, women	6 50	—	7 50	+ 1 00
Stampers, boys and girls	8 37	—	9 00	+ 63
Men	13 60	—	13 60	=
Women	5 17	—	5 17	=
Boys	4 53	—	4 53	=
Laborers	5 50	—	6 00	+ 50
DRESSMAKING.				
Managers	9 94	13 33	12 19	+ 2 25
Dressmakers	6 52	7 11	7 43	+ 91
ENVELOPES.				
Cutters	19 50	16 44	16 50	— 3 00
Trimmers	12 05	—	10 86	— 1 19
Folders, women	7 75	7 33	6 75	— 1 00
Machine hands, women	7 75	6 89	6 75	— 1 00
Overseer of ruling	18 00	—	15 00	— 3 00
Rulers, women	6 00	—	4 50	— 1 50
Printers	11 00	—	9 60	— 1 40
Printers, women	4 00	—	3 00	— 1 00
Box-makers, women	9 00	—	8 00	— 1 00
Sewers, women	10 00	—	9 00	— 1 00
Packers	10 50	—	9 75	— 75
General help	5 00	—	4 50	— 50
Laborers	6 00	—	6 00	=
Foremen	21 00	—	21 00	=
GLASS.				
Blowers	—	8 89	12 00	—
Kiln-men	—	12 44	10 50	—
Cutters	—	13 33	9 00	—
Polishers	—	17 78	12 00	—
Gaffers	—	16 00	20 00	—
Servitors	—	13 33	13 00	—
Foot-makers	—	13 33	11 00	—
Pressers	—	12 00	13 00	—
Gatherers	—	10 67	12 00	—
Stickers-up	—	7 11	8 00	—
Ware-wheelers	—	9 11	6 00	—

TABLE III.—*Average weekly wage, 1860, 1872, and 1878*—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
GLASS—Continued.				
Engravers	—	$18 22	$12 00	—
Mixers	—	10 67	12 00	—
Men, not in departments	—	—	10 50	—
Boys	—	3 56	4 50	—
Women and girls	—	4 44	4 00	—
HOSIERY.				
Overseer of carding	—	—	13 50	—
Young persons, carding	—	—	6 00	—
Overseer of bleaching and dyeing	—	—	16 62	—
Men, bleaching and dyeing	—	—	7 87	—
Overseer of spinning	—	—	13 50	—
Men and boys, spinning	—	—	6 75	—
Shapers	—	—	7 50	—
Finishers, women	—	—	5 10	—
Cutters and boarders	—	—	8 40	—
Winders	—	—	6 60	—
Knitters	—	—	6 85	—
Twisters	—	—	6 00	—
Sewing-girls	—	—	6 00	—
Menders	—	—	5 70	—
Rotary-knitters, men	—	—	15 00	—
Engineers	—	—	12 00	—
Yard hands and watchmen	—	—	7 80	—
LEATHER.				
Limers and beamers	$7 50	—	$11 00	+ $3 50
Tanners	6 83	10 41	8 60	+ 1 77
Shavers	9 00	—	15 00	+ 6 00
Finishers	8 50	—	11 00	+ 2 50
Splitters	14 25	16 00	16 00	+ 1 75
Knife-men	12 00	13 77	13 50	+ 1 50
Table-men	7 00	13 25	8 00	+ 1 00
Foremen	15 00	—	20 00	+ 5 00
LINEN GOODS.				
Hacklers	5 75	—	6 75	+ 1 00
Preparers	5 00	—	6 15	+ 1 15
Preparers, boys	2 62	—	3 30	+ 68
Preparers, women	4 50	—	5 45	+ 90
Preparers, girls	2 60	—	3 09	+ 49
Bleachers	5 50	—	6 80	+ 1 30
Finishers	6 00	—	7 50	+ 1 50
Spinners	—	—	5 18	—
Spinners, boys	—	—	3 00	—
Spinners, girls	2 37	—	3 00	+ 63
Spinners, women	4 00	—	4 80	+ 80
Spinners, men	8 00	—	11 40	+ 3 40
Ruffers	5 00	—	5 70	+ 70
Spoolers	1 75	—	1 80	+ 05
Warpers	4 50	—	5 40	+ 90
Dressers	5 75	—	7 50	+ 1 75
Winders	3 25	—	3 55	+ 30
Machine-boys	3 12	—	3 90	+ 78
Mechanics	8 00	—	10 09	+ 2 09
JUTE GOODS.				
Carders	—	6 57	6 00	—
Weavers	—	7 84	6 78	—
Rovers	—	5 78	3 90	—
Drawers	—	4 00	4 20	—
Feeders	—	5 78	5 40	—
Bundlers	—	7 56	4 50	—
Calenderers	—	8 89	7 02	—
Batchers	—	6 22	5 70	—
Shifters	—	3 33	2 40	—
Piecers	—	3 56	3 00	—
Bobbin-carriers	—	6 67	5 10	—
Winders	—	3 52	3 00	—
Reelers	—	7 11	4 80	—
Oilers	—	6 82	6 30	—
Yard hands	5 62	—	8 10	+ 2 48
MACHINES AND MACHINERY.				
Pattern-makers	11 50	17 60	15 24	+ 3 74
Iron-molders	9 50	14 67	12 30	+ 2 80
Brass-molders	10 00	14 67	13 25	+ 3 25

TABLE III.—*Average weekly wage*, 1860, 1872, *and* 1878—Continued.

Occupations.	Average weekly wage. Standard, gold. 1860.	1872.	1878.	Increase or decrease for 1878 as compared with 1860.
MACHINES AND MACHINERY—Continued.				
Core-makers	$5 00	—	$6 00	+ $1 00
Blacksmiths	9 15	$16 00	12 15	+ 3 00
Blacksmiths' helpers	6 50	10 20	7 70	+ 1 20
Machinists	9 64	14 40	13 05	+ 3 41
Cleaners and chippers	6 00	—	7 50	+ 1 50
Chuckers	6 75	—	9 75	+ 3 00
Fitters	8 83	14 40	10 66	+ 1 83
Polishers	8 00	—	9 75	+ 1 75
Setters-up	10 00	12 80	12 00	+ 2 00
Rivet-heaters, boys	4 00	—	5 00	+ 1 00
Riveters	9 50	14 67	12 00	+ 2 50
Wood-workers	9 16	—	10 39	+ 1 23
Painters	6 00	—	8 00	+ 2 00
Laborers	6 00	8 53	7 27	+ 1 27
Watchmen	7 00	—	9 00	+ 2 00
Teamsters	7 50	—	10 00	+ 2 50
MATCHES.				
Men	—	16 00	10 50	—
Women	—	4 00	4 00	—
Girls	—	4 00	3 00	—
Boys	—	—	3 50	—
METALS AND METALLIC GOODS.				
Hammers-men	—	—	12 00	—
Heaters	—	21 33	23 40	—
Rollers	—	10 67	13 80	—
Puddlers	—	24 00	18 00	—
Shinglers	—	24 00	19 50	—
Helpers	—	—	12 75	—
Wire-drawers	—	—	12 75	—
Annealers and cleaners	—	—	9 90	—
Ruffers	—	—	21 60	—
Finishers	—	—	27 00	—
Billoters	—	—	9 60	—
Stockers	—	—	9 60	—
Reelers	—	—	10 80	—
Strikers-in	—	—	8 10	—
Brick-masons	—	—	18 00	—
Brick-masons' helpers	—	—	7 95	—
Sinkers	—	—	22 50	—
Sinkers' helpers	—	—	12 00	—
Machinists	10 85	—	14 42	+ 3 57
Laborers	6 35	9 33	7 38	+ 1 03
METALS AND METALLIC GOODS (FINE WORK).				
Wood-workers	9 00	—	10 50	+ 1 50
Women	4 50	—	6 00	+ 1 50
Men	7 50	—	10 50	+ 3 00
Boys and girls	3 75	—	4 65	+ 90
Molders	8 50	—	11 75	+ 3 25
Gold-workers	15 00	—	18 00	+ 3 00
Steel-workers	10 50	—	12 00	+ 1 50
Metal-workers	7 00	—	9 00	+ 2 00
Watchmen	7 50	—	10 57	+ 3 07
Engineers	10 50	—	12 00	+ 1 50
MILLINERY.				
Managers	7 84	13 33	9 62	+ 1 78
Milliners	5 72	7 11	7 16	+ 1 44
MUSICAL INSTRUMENTS.				
Case-makers	13 50	—	13 12	— 38
Varnishers	7 85	—	10 12	+ 2 27
Finishers	10 85	—	14 46	+ 3 61
Mill-men	12 38	—	14 19	+ 1 81
Action-makers	13 67	—	14 09	+ 42
Action-makers, women	6 72	—	7 11	+ 39
Tuners	16 40	—	15 00	— 1 40
Laborers	7 17	—	7 70	+ 53
PAINTS.				
Foremen	15 00	—	18 50	+ 3 50
Mixers and grinders	7 93	—	10 46	+ 2 53
Boys	3 91	—	5 41	+ 1 50

TABLE III.—*Average weekly wage, 1860, 1872, and 1878*—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
PAPER.				
Foremen	$16 63	$16 00	$26 49	+ $9 86
Millwrights	9 86	16 00	15 21	+ 5 35
Rag-engine tenders	7 90	14 67	10 41	+ 2 51
Paper-machine tenders	10 00	16 00	15 25	+ 5 25
Thresher-women	5 70	8 89	7 40	+ 1 70
Rag-cutters	7 50	—	8 40	+ 90
Finishers	7 70	11 33	10 20	+ 2 50
Finishers, girls	3 92	6 93	5 27	+ 1 35
Finishers, boys	5 50	—	7 00	+ 1 50
Finishers' helpers	5 80	—	7 27	+ 1 47
Cutters	6 90	8 89	7 95	+ 1 05
Cutters, girls	3 40	5 33	5 00	+ 1 60
Bleachers	6.70	8 89	7 56	+ 86
Rag-sorters	3 27	4 00	4 53	+ 1 26
Men on stock	5 88	9 33	6 57	+ 69
Mechanics	9 75	—	13 20	+ 3 45
Engineers and firemen	6 64	10 52	8 77	+ 2 13
Laborers	5 50	8 33	6 55	+ 1 05
PRESERVED MEATS, FRUIT, AND PICKLES.				
Men	11 67	12 67	12 30	+ 63
Women and girls	5 00	4 44	4 05	— 95
PRINTING.				
Job compositors	10 19	—	14 12	+ 3 93
Job compositors	12 71	—	15 47	+ 2 76
Proof-readers	17 45	28 89	20 09	+ 2 64
Proof-readers, women	8 67	—	11 07	+ 2 40
Job pressmen	9 95	14 44	12 60	+ 2 65
Job pressmen	10 60	16 89	16 53	+ 5 93
News-work	8 77	—	15 11	+ 6 34
Press-feeders	5 17	—	6 40	+ 1 23
Press-feeders	5 05	—	6 38	+ 1 73
Press-feeders, women	4 77	—	5 80	+ 1 03
Compositors, daily	14 89	25 77	18 28	+ 3 45
Proof-readers	19 54	—	25 26	+ 5 72
Pressmen, daily	13 19	17 55	18 11	+ 4 92
Book compositors	10 28	15 22	12 87	+ 2 59
Book compositors, women	5 42	7 11	7 22	+ 1 80
RUBBER GOODS, ELASTIC FABRICS.				
Rubber-workers	—	—	12 00	—
Rubber-workers, women	—	—	5 55	—
Overseer of weavers	—	—	13 00	—
Weavers, women	—	—	5 40	—
Dyers	—	—	7 87	—
Dyers, foremen	—	—	18 00	—
Sewing-girls	—	—	6 30	—
Overseer of spoolers	—	—	15 00	—
Spoolers, men	—	—	8 75	—
Spoolers, women	—	—	4 75	—
Overseer of leather-work	—	—	16 50	—
Men on leather-work	—	—	8 40	—
Boys on leather-work	—	—	4 37	—
Quillers, boys and girls	—	—	2 75	—
Wood-workers	—	—	14 25	—
SAFES.				
Safe-makers	10 60	15 33	12 67	+ 2 07
Painters	10 33	—	11 11	+ 78
Helpers	6 28	8 89	7 56	+ 1 28
SHIP-BUILDING.				
Carpenters, old work	24 00	21 30	9 00	— 15 00
Carpenters, new work	21 00	16 00	7 50	— 13 50
Calkers, old work	27 00	21 30	12 00	— 15 00
Calkers, new work	24 00	16 00	10 50	— 13 50
Joiners, old work	22 50	21 30	12 00	— 10 50
Joiners, new work	21 00	16 00	9 00	— 12 00
Painters	18 00	13 32	12 00	— 6 00
Riggers	15 00	18 66	15 00	—
Blacksmiths	15 00	—	9 75	— 5 25
SILK.				
Winders	4 20	—	5 40	+ 1 20
Doublers	4 80	—	5 40	+ 60
Spinners	5 35	—	6.75	+ 1 40
Spoolers and skeiners	4 80	—	5 70	+ 90

TABLE III.—*Average weekly wage*, 1860, 1872, *and* 1878—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
SILK—Continued.				
Dyers	$6 75	—	$10 50	+ $3 75
Silk-cleaners	3 00	—	3 60	+ 60
Watchmen	7 50	—	12 00	+ 4 50
Machinists	7 50	—	15 00	+ 7 50
Engineers and firemen	7 50	—	10 50	+ 3 00
SOAP AND CANDLES.				
Men	8 50	$12 19	9 47	+ 97
Candle-makers	9 50	10 67	11 00	+ 1 50
STONE.				
Quarrymen	5 70	—	6 80	+ 1 10
Paving-cutters	6 00	—	6 75	+ 75
Stone-cutters	13 50	—	12 00	— 1 50
Polishers	7 50	—	9 00	+ 1 50
Blacksmiths	10 22	—	10 50	+ 28
Teamsters	8 17	—	9 75	+ 1 58
Laborers	5 00	—	6 00	+ 1 00
STRAW GOODS.				
Bleachers	—	—	9 00	—
Blockers	—	—	12 00	—
Pressers	—	—	12 00	—
Packers	—	—	12 00	—
Machine-sewers	—	—	10 50	—
Plaster-block makers	—	—	11 25	—
Whittlers	—	—	18 00	—
Menders	—	—	7 50	—
Tippers	—	—	9 00	—
Trimmers	—	—	9 00	—
Wirers	—	—	10 50	—
Braid-winders	—	—	9 00	—
Machinists	—	—	18 00	—
TOBACCO.				
Strippers	4 50	6 66	7 80	+ 3 30
Cigar-makers	12 00	16 00	12 75	+ 75
Cigar-makers, women	7 50	—	9 00	+ 1 50
Packers	16 00	17 77	18 00	+ 2 00
TYPE.				
Casters	16 70	16 00	18 56	+ 1 86
Dressers	17 64	22 00	19 60	+ 1 96
Not designated	18 00	—	20 00	+ 2 00
Rubbers	—	7 11	7 27	—
Setters	—	—	5 89	—
Breakers	—	—	4 84	—
WOOLEN GOODS.				
Wool-sorters	6 98	9 50	8 50	+ 1 52
Washers and scourers	5 48	8 00	6 66	+ 1 18
Dyers	5 72	7 95	6 66	+ 94
Driers	5 68	7 13	6 12	+ 44
Young persons	5 00	—	6 00	+ 1 00
Dyers and scourers	4 27	—	6 50	+ 2 23
Washers	6 33	—	8 15	+ 1 82
Dyers and driers	4 90	—	6 90	+ 2 00
Washers, scourers, and dyers	5 50	—	7 12	+ 1 62
Driers and pickers	4 50	—	6 00	+ 1 50
Scourers	4 50	—	5 75	+ 1 25
Carders	5 32	7 30	6 19	+ 87
Carders, women	3 74	4 92	4 54	+ 80
Carders, women, boys, and girls	4 00	—	4 93	+ 93
Carders, young persons	4 00	—	4 50	+ 50
Carders, boys and girls	2 62	4 40	4 00	+ 1 38
Carders, overseers	12 00	—	18 00	+ 6 00
Strippers	4 97	—	6 19	+ 1 22
Strippers, boys	3 30	—	4 25	+ 95
Strippers, boys and girls	2 70	—	3 60	+ 90
Spinners	6 79	9 20	7 64	+ 85
Spinners, boys	3 00	—	3 00	=
Spinners, women	4 75	6 85	6 15	+ 1 40
Spinners, young persons	4 00	4 80	4 50	+ 50
Jack-spinners	6 41	—	8 01	+ 1 60
Jack-spinners, boys	2 71	—	3 91	+ 1 20
Jack-spinners, young persons	3 50	—	5 00	+ 1 50
Spoolers, women	4 08	—	5 64	+ 1 56
Spoolers, girls	3 37	—	4 22	+ 85
Spoolers, women and girls	2 40	—	4 60	+ 2 20
Dressers and warpers	6 48	—	7 68	+ 1 20

TABLE III.—*Average weekly wage, 1860, 1872, and 1878*—Continued.

Occupations.	Average weekly wage. Standard, gold.			Increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
WOOLEN GOODS—Continued.				
Dressers and warpers, women	$4 61	—	$6 73	+ $2 12
Dressers	7 60	—	9 18	+ 1 58
Dressers, men	9 00	$9 49	12 75	+ 3 75
Weavers	5 50	—	7 00	+ 1 50
Weavers, men	7 50	—	9 50	+ 2 00
Weavers, women	5 25	—	6 95	+ 1 70
Weavers, men and women	5 55	7 47	7 15	+ 1 60
Fullers	5 23	7 71	6 89	+ 1 66
Shearers	5 40	—	6 60	+ 1 20
Shearers, men and boys	5 00	6 33	5 81	+ 81
Shearers, men and women	5 26	—	6 60	+ 1 34
Shearers, boys	4 00	—	5 40	+ 1 40
Fullers, giggers, and shearers	5 28	—	6 75	+ 1 47
Giggers	5 04	7 26	5 90	+ 86
Burlers	5 08	7 61	6 34	+ 1 26
Burlers, women	3 81	6 25	4 59	+ 78
Burlers, girls	3 00	4 98	3 25	+ 25
Finishers	6 04	7 68	7 08	+ 1 04
Finishers, women	3 08	4 91	4 95	+ 1 87
Packers	5 00	8 00	7 23	+ 2 23
Packers, women	3 78	6 17	5 23	+ 1 45
Mechanics	8 90	12 47	12 33	+ 3 43
Boys and girls	3 05	—	3 50	+ 45
Pressmen	6 50	—	7 50	+ 1 00
Section hands	7 23	—	9 33	+ 2 00
Firemen	6 56	9 97	8 78	+ 2 22
Engineers and firemen	9 00	—	10 50	+ 1 50
Laborers	5 44	7 86	6 69	+ 1 25
Watchmen	7 08	—	9 41	+ 2 33
Teamsters	7 50	—	9 00	+ 1 50
Engineers	12 00	—	18 00	+ 6 00
WOOL HATS.				
Carders	—	10 94	10 66	—
Carders, boys	—	5 33	3 70	—
Carders, foremen	—	—	21 00	—
Carders, second hands	—	—	9 00	—
Dyers, first grade	—	—	12 66	—
Dyers, men	—	—	9 00	—
Hardeners, foremen	—	—	10 50	—
Hardeners, men	—	10 67	9 00	—
Hardeners, boys	—	—	6 00	—
Machine-girls	—	—	12 00	—
Trimmers, women	—	8 89	7 50	—
Carpenters	—	—	15 00	—
Blockers	—	14 40	9 83	—
Blockers, overseers	—	—	21 00	—
Finishers	—	17 33	15 00	—
Plankers	—	10 22	9 50	—
Plankers, foremen	—	—	21 00	—
Plankers, second hands	—	—	7 50	—
Plankers, boys	—	—	6 00	—
WORSTED GOODS.				
Wool-sorters	7 00	—	9 00	+ 2 00
Wool-washers	6 00	—	7 50	+ 1 50
Wool-preparers	6 00	—	7 70	+ 1 50
Wool-combers	5 75	—	7 50	+ 1 75
Wool-finishers	4 70	—	5 04	+ 34
Drawers	5 80	—	6 32	+ 52
Roping-tenders	4 00	—	5 82	+ 1 82
Spinners	4 80	—	5 70	+ 90
Doffers	3 00	—	3 30	+ 30
Bobbin-setters	3 00	—	2 70	— 30
Dyers	6 00	—	7 14	+ 1 14
Dressers	12 00	—	14 92	+ 2 92
Twisters	13 00	—	14 94	+ 1 94
Drawers-in	6 75	—	9 18	+ 2 43
Sleyers	3 00	—	3 90	+ 90
Weavers	6 50	—	7 02	+ 52
Section hands	9 00	—	12 12	+ 3 12
Filling-tenders	4 00	—	5 58	+ 1 58
Burlers	4 20	—	5 40	+ 1 20
Finishers	6 50	—	7 02	+ 52
Crabbers	6 50	—	7 50	+ 1 00
Driers	6 80	—	7 98	+ 1 18

Table IV shows the percentage of increase or decrease in average weekly wages for 1878, as compared with 1860, in each of the cities and towns visited. For purposes of ready comparison we repeat the columns showing the number employed in manufacturing and mechanical occupations in each city and town, according to the census of 1875, and also the number for which wages for 1860 and 1878 were obtained.

TABLE IV.—*Increase or decrease in wages by cities and towns.*

Counties, cities, and towns.	Number of employés for which wages for 1860 and 1878 were obtained.	Whole number employed in manufacturing and mechanical industries, according to census of 1875.	Percentage of increase or decrease for 1878 as compared with 1860.
BERKSHIRE COUNTY.			
Adams	2,625	4,606	40 per cent. increase.
Great Barrington	225	667	47 per cent. increase.
Lee	500	685	63 per cent. increase.
Pittsfield	770	2,066	29 per cent. increase.
ESSEX COUNTY.			
Haverhill	873	3,716	10 per cent. increase.
Ipswich	300	631	16 per cent. increase.
Lawrence	6,350	13,113	16 per cent. increase.
Lynn	7,904	10,859	56 per cent. increase.
Methuen	530	1,466	See note.
Newburyport	510	2,777	See note.
Peabody	400	1,112	10 per cent. increase.
Rockport	600	746	2 per cent. decrease.
Salem	1,700	4,877	12 per cent. increase.
FRANKLIN COUNTY.			
Buckland	210	361	Wages the same.
Montague	990	1,008	23 per cent. increase.
HAMPDEN COUNTY.			
Chicopee	1,354	3,521	25 per cent. increase.
Holyoke	4,600	6,447	21 per cent. increase.
Monson	400	642	See note.
Springfield	1,295	6,927	8 per cent. increase.
Westfield	290	1,717	19 per cent. increase.
HAMPSHIRE COUNTY.			
Easthampton	360	1,209	30 per cent. increase.
Northampton	875	1,886	33 per cent. increase.
Ware	1,500	1,745	43 per cent. increase.
MIDDLESEX COUNTY.			
Cambridge	1,576	6,953	15 per cent. increase.
Lowell	8,422	18,311	12 per cent. increase.
Somerville	435	1,991	13 per cent. increase.
NORFOLK COUNTY.			
Quincy	600	1,431	23 per cent. increase.
SUFFOLK COUNTY.			
Boston	9,862	49,656	12 per cent. increase.
WORCESTER COUNTY.			
Clinton	1,100	2,238	48 per cent. increase.
Fitchburg	625	2,626	34 per cent. increase.
Leicester	300	621	21 per cent. increase.
Millbury	228	1,273	36 per cent. increase.
Webster	400	1,692	40 per cent. increase.
Worcester	4,806	10,770	25 per cent. increase.

NOTES ON TABLE IV.

In Methuen and Newburyport the wages for 1860 could not be obtained. In Peabody the increase is in the leather industry. Rockport's decrease is in the stone industry. Salem shows a gain in leather; no figures for the cotton industry in 1860 in Salem could be secured. In Montague the increase is caused by advances in the pay of agricultural laborers and in the paper industry; the cutlery business, now so extensively carried on at Turner's Falls, in this town, has grown up since 1860. In Monson, on account of the great changes in the manufacture of straw goods, caused by the introduction of machinery, no comparative figures could be obtained. In Easthampton the gain is on elastic fabrics.

Table V resembles Table IV in every respect, excepting that the presentation is by occupations, instead of by cities and towns.

TABLE V.—*Increase or decrease in wages by occupations.*

Occupations.	Number of employés for which wages for 1860 and 1878 were obtained.	Whole number employed in manufacturing and mechanical industries, according to census of 1875.	Percentage of increase or decrease for 1878, as compared with 1860.
Agricultural laborers by the day	420	18,006	38 per cent. increase.
Agricultural laborers by the month			15 per cent. increase.
Arms and ammunition	750	1,109	19 per cent. increase.
Artisans' tools	240	1,240	38 per cent. increase.
Blacksmiths	193	2,458	47 per cent. increase.
Bleaching, dyeing, and printing	2,875	3,750	3 per cent. increase.
Bookbinding, men	531	1,096	17 per cent. increase.
Bookbinding, women			14 per cent. increase.
Boots and shoes	11,040	48,090	2.6 per cent. increase.
Boxes, men	193	1,528	3 per cent. increase.
Boxes, women and girls			12 per cent. decrease.
Boxes, boys			43 per cent. increase.
Bread and crackers, men	261	2,091	38 per cent. increase.
Bread and crackers, women			13 per cent. increase.
Breweries	260	268	15 per cent. increase.
Bricks	419	2,394	12 per cent. increase.
Brushes, men	189	529	9 per cent. increase.
Brushes, women			6 per cent. decrease.
Brushes, boys			25 per cent. increase.
Building trades	1,742	44,181	16 per cent. increase.
Cabinet-making, men	1,063	6,949	6 per cent. increase.
Cabinet-making, women			16 per cent. increase.
Carpetings	1,720	3,119	23 per cent. increase.
Carriages	147	3,072	30 per cent. increase.
Clothing	2,739	13,437	8 per cent. increase.
Hosiery	200		See note.
Corsets	171	265	See note.
Cotton goods	14,424	60,176	19 per cent. increase.
Dressmaking	527	9,691	19 per cent. increase.
Glass	367	1,291	See note.
Leather	1,020	6,620	28 per cent. increase.
Linen and jute goods (linen)	700	1,059	20 per cent. increase.
Jute goods			See note.
Machines and machinery	1,550	9,561	27 per cent. increase.
Matches	110	143	See note.
Metals and metallic goods (heavy)	910	17,563	See note.
Cutlery	960		9 per cent. increase.
Safes	101		15 per cent. increase.
Type	200		16 per cent. increase.
Metals and metallic goods (fine work, jewelry, fine steel-work, &c	—	—	25 per cent. increase.
Millinery	104	339	23 per cent. increase.
Musical instruments	445	2,249	8 per cent. increase.
Paints	107	304	28 per cent. increase.
Paper	2,775	6,493	41 per cent. increase.
Envelopes	375		11 per cent. decrease.
Preserved meats, pickles, &c	129	—	2 per cent. decrease.
Printing	1,092	4,641	30 per cent. increase.
Rubber goods, elastic fabrics	360	1,054	See note.
Ships	40	1,454	52 per cent. decrease.
Silk	520	860	45 per cent. increase.
Soap and candles	218	378	13 per cent. increase.
Stone	1,200	2,553	8 per cent. increase.
Straw goods	400	4,991	See note.
Tobacco	290	1,350	22 per cent. increase.
Woolen goods	8,145	19,036	33 per cent. increase.
Wool hats	273		See note.
Worsted goods	1,000	1,499	22 per cent. increase.

NOTES ON TABLE V.

In the manufactures of *hosiery, corsets, jute goods,* and *heavy metallic goods,* no figures for 1860 could be obtained. The wages of *glass-makers* for 1860 were not secured, but employers expressed the opinion that there was no material difference between 1860 and 1878. Manufacturers of *matches* reported ten per cent. less help employed in 1878, at about the same wages as in 1860. No comparative figures could be obtained in the *rubber-goods* industry, but employers said wages were thirty per cent. higher than in 1860. The great change in the manner of manufacturing *straw goods* renders comparisons impossible. One hundred hands, with present machinery, can turn out as much work as two hundred did formerly. Besides, this business was once partially a home industry, much work being given out; but now the greater part of the labor is performed in the shops. In the *wool-hat* industry the loss of books by fire prevented our securing wages for 1860.

By independent but verifying averages, drawn from the preceding tables, of wages by towns and industries, we find that the returns for 63,515 employés in the occupations considered, in the cities and towns visited, show that *average weekly wages, on a gold basis, were twenty-four and four-tenths per cent. higher in* 1878 *than they were in* 1860.

PRICES.

The above result concerning wages being arrived at, the subject of the cost of living becomes a vitally interesting question.

We first present a table showing the prices of groceries, provisions, fuel, dry goods, boots, rent, and board for 1860, 1872, and 1878, together with a column showing the percentage of increase or decrease on each item of expense for 1878 as compared with 1860:

TABLE VI.—*Average retail prices,* 1860, 1872, *and* 1878.

Articles.	Average retail prices. Standard, gold.			Percentage of increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
GROCERIES.				
Flour, wheat, superfine ..... per barrel	$7 61	$10 75	$8 63	+ 13
Flour, wheat, family ..... do	7 14	12 75	7 96	+ 10
Flour, rye ..... per pound	3	3¼	3½	+ 16
Corn meal ..... do	2¼	1¾	2	— 4
Codfish, dry ..... do	5½	8¼	6	+ 13
Rice ..... do	7⅝	11¼	9¼	+ 22
Beans ..... per quart	8	9½	8½	+ 5
Tea, Oolong ..... per pound	54⅜	69	60¼	+ 10
Coffee, Rio, green ..... do	21⅛	34¼	23⅜	+ 10
Coffee, roasted ..... do	23	42½	26⅝	+ 16
Sugar, good brown ..... do	8¼	10¼	8⅝	+ 5
Sugar, coffee ..... do	9	10½	9⅛	+ 3
Sugar, granulated ..... do	10¼	12	10	— 3
Molasses, New Orleans ..... per gallon	50⅜	70	57¼	+ 13
Molasses, Porto Rico ..... do	57⅜	76¼	68	+ 18
Sirup ..... do	63⅜	75	86¼	+ 35
Soap, common ..... per pound	8⅜	8	8	— 7
Starch ..... do	11	12¼	9½	— 16
PROVISIONS.				
Beef, roasting ..... per pound	11	19	14½	+ 32
Beef, soup ..... do	4⅜	7½	5¼	+ 10
Beef, rump steak ..... do	14⅜	29½	20⅜	+ 41
Beef, corned ..... do	6⅝	10½	8	+ 26
Veal, fore quarter ..... do	7¼	10½	10¼	+ 39
Veal, hind quarter ..... do	11	17	15¼	+ 40
Veal cutlets ..... do	14	28½	20	+ 40
Mutton, fore quarter ..... do	7½	10½	10¼	+ 39
Mutton, leg ..... do	12⅝	19	17½	+ 39
Mutton-chops ..... do	13½	15½	18⅝	+ 38
Pork, fresh ..... do	11	12½	10	— 7
Pork, salted ..... do	11	11	9⅞	— 11
Hams, smoked ..... do	13	13½	12½	— 4
Shoulders, corned ..... do	8⅜	10¼	9½	+ 7
Sausages ..... do	11½	12⅝	11¼	— 1
Lard ..... do	13¼	12⅜	10⅞	— 19
Mackerel, pickled ..... do	9½	13½	12½	+ 32
Butter ..... do	21⅜	39½	25½	+ 15
Cheese ..... do	13¼	17½	12¼	— 7
Potatoes ..... per bushel	59	1 02	97⅝	+ 65
Milk ..... per quart	4⅜	8	5¼	+ 13
Eggs ..... per dozen	20¼	30	25	+ 22
FUEL.				
Coal ..... per ton	6 40	9 25	6 45	+ 1
Wood, hard ..... per cord	6 49	10 12½	6 74	+ 4
Wood, pine ..... do	4 42	7 00	5 04	+ 14
DRY GOODS.				
Shirting, 4-4, brown ..... per yard	9¼	13	7½	— 18
Shirting, 4-4, bleached ..... do	10½	16	9½	— 13
Sheeting, 9-8, brown ..... do	10⅝	14	9	— 16
Sheeting, 9-8, bleached ..... do	13¼	19½	11⅞	— 11
Cotton flannel ..... do	15⅜	27½	14⅜	— 7
Ticking ..... do	17¼	24	17½	+ ½
Prints ..... do	11	11¾	7¾	— 30
Satinet ..... do	56	59½	54	— 3

TABLE VI.—*Average retail prices, 1860, 1872, and 1878*—Continued.

Articles.	Average retail prices. Standard, gold.			Percentage of increase or decrease for 1878 as compared with 1860.
	1860.	1872.	1878.	
BOOTS.				
Men's heavy ..... per pair..	$2 75	$3 94	$3 24	+ 18
RENTS.				
Four-room tenements ..... per month..	4 45	14 75	5 55	+ 25
Six-room tenements ..... do....	7 54	16 00	9 43	+ 25
BOARD.				
Men ..... per week..	2 79	5 62	4 19	+ 50
Women ..... do....	1 79	3 75	2 63	+ 47

Averaging and consolidating the above returns under the group-heads designated in the table, we find that in 1878, as compared with 1860:

	Per cent.
Groceries have advanced in price	7
Provisions have advanced in price	28
Fuel has advanced in price	5
Dry goods have fallen in price	9
Boots have advanced in price	18
Rents have advanced in price	25
Board has advanced in price	49

On all these items of expense entering into the cost of living we find that *the average price was fourteen and a half per cent. higher in* 1878 *than it was in* 1860.

Continuing our examination of Table VI, we find that groceries were 53 per cent. higher in 1872 than they were in 1860, and 43 per cent. higher than they were in 1878. Provisions were 50 per cent. higher in 1872 than in 1860, and 17 per cent. higher than in 1878. Fuel in 1872 was 52 per cent. higher than in 1860, and 44 per cent. higher than in 1878. Dry goods were 28 per cent. higher in 1872 than in 1860, and 40 per cent. higher than in 1878. Men's heavy boots were 43 per cent. higher in 1872 than in 1860, and 21 per cent. higher than in 1878. Rents were 156 per cent. higher in 1872 than in 1860, and 105 per cent. higher than in 1878. Board was 104 per cent. higher in 1872 than in 1860, and 37 per cent. higher than in 1878. On all these items of expense prices were 76 per cent. higher in 1872 than in 1860, and 54 per cent. higher than in 1878. The final result, then, for 1878, as compared with 1860 and 1872, shows, on all the items of expense, prices 14½ per cent. higher in 1878 as compared with 1860, and prices 54 per cent. lower as compared with 1872.

These average prices were based upon returns from 30 out of the 34 cities and towns which supplied the returns of wages. The four places from which we did not secure prices were the towns of Montague, Quincy, and Webster, and the city of Worcester. In order to show the local variations in the prices of groceries, provisions, &c., we subjoin the following city and town showings. It should be borne in mind that the classification of articles under the heads "groceries," "provisions," &c., is the same as that followed in Table VI. In each city and town showing, in order to make it complete in itself, we have also given the percentage of advance on all the items of expense and the percentage of increase or decrease in wages.

TOWN OF ADAMS, COUNTY OF BERKSHIRE.

Groceries have advanced 3 per cent., provisions 9.5 per cent., boots and shoes 4 per cent, and the price of board 50 per cent. Fuel is 1.6 per cent. lower, and dry goods 28.4 per cent. Rents remain unchanged. Average increase of 5 per cent. on all items of expense. Wages have advanced 40 per cent.

TOWN OF GREAT BARRINGTON, COUNTY OF BERKSHIRE.

Groceries have advanced 10.7 per cent., provisions 15.5 per cent., boots and shoes 9 per cent., fuel 4.4 per cent., rents 20 per cent., and the price of board 25 per cent.

Dry goods are 18 per cent. lower. Average increase of 12.5 per cent. on all items of expense. Wages have advanced 47 per cent.

TOWN OF LEE, COUNTY OF BERKSHIRE.

Groceries have advanced 12.8 per cent., provisions 21.4 per cent., boots and shoes 13 per cent., and the price of board 18.9 per cent. Fuel is 9 per cent. lower and dry goods 8 per cent. Rents remain unchanged. Average increase of 5.8 per cent. on all items of expense. Wages have advanced 63 per cent.

TOWN OF PITTSFIELD, COUNTY OF BERKSHIRE.

Groceries have advanced 17.7 per cent., provisions 16.2 per cent., boots and shoes 25 per cent., rents 20 per cent., and the price of board 41 per cent. Fuel is .7 per cent. lower and dry goods 11 per cent. Average increase of 18 per cent. on all items of expense. Wages have advanced 29 per cent.

CITY OF HAVERHILL, COUNTY OF ESSEX.

Groceries have advanced 32 per cent., provisions 58 per cent., boots and shoes 40 per cent., fuel 25 per cent., rents, 65 per cent. and the price of board 66.6 per cent. Average increase of 39 per cent. on all items of expense. Wages have advanced 10 per cent.

TOWN OF IPSWICH, COUNTY OF ESSEX.

Groceries have advanced 12 per cent., provisions 43.2 per cent., boots and shoes 30.7 per cent., fuel 3.7 per cent., and no return for the price of board in 1860. Dry goods are 6.2 per cent. lower. Rents remain unchanged. Average increase of 8.7 per cent. on all items of expense. Wages have advanced 16 per cent.

CITY OF LAWRENCE, COUNTY OF ESSEX.

Groceries have advanced 20.6 per cent., provisions 28.5 per cent., boots and shoes 22.7 per cent., rents 50 per cent., and the price of board 59.3 per cent. Fuel is 3.6 per cent. lower and dry goods 7.3 per cent. Average increase of 27 per cent. on all items of expense. Wages have advanced 16 per cent.

CITY OF LYNN, COUNTY OF ESSEX.

Groceries have advanced 8.2 per cent., provisions 31.3 per cent., boots and shoes 31 per cent., fuel 21 per cent., rents 41 per cent., and the price of board 63 per cent. Dry goods are 11.4 per cent. lower. Average increase of 32 per cent. on all items of expense. Wages have advanced 56 per cent.

TOWN OF METHUEN, COUNTY OF ESSEX.

Groceries have advanced 16 per cent., provisions 71 per cent., boots and shoes 33.3 per cent., fuel 19 per cent., rents 25 per cent., and the price of board 64 per cent. Dry goods are 6.6 per cent. lower. Average increase of 27 per cent. on all items of expense. No return was made for wages in 1860.

CITY OF NEWBURYPORT, COUNTY OF ESSEX.

Groceries have advanced 7.6 per cent., provisions 34 per cent., boots and shoes 28 per cent., fuel 12.5 per cent., rents 12 per cent., and the price of board 34 per cent. Dry goods are 10 per cent. lower. Average increase of 15 per cent. on all items of expense. No return was made for wages in 1860.

TOWN OF PEABODY, COUNTY OF ESSEX.

Groceries have advanced 18.2 per cent., provisions 68.2 per cent., boots and shoes 27.2 per cent., fuel 19.6 per cent., rents 25 per cent., and the price of board 50 per cent. Dry goods are 2.5 per cent. lower. Average increase of 26 per cent. on all items of expense. Wages have advanced 10 per cent.

TOWN OF ROCKPORT, COUNTY OF ESSEX.

Groceries have advanced 19.9 per cent., provisions 64.8 per cent., boots and shoes 54.5 per cent, fuel 15.6 per cent., rents 27 per cent., and the price of board 58.3 per

cent. Dry goods are 7.2 per cent. lower. Average increase of 28 per cent. on all items of expense. Wages have decreased 2 per cent.

CITY OF SALEM, COUNTY OF ESSEX.

Groceries have advanced 19 per cent., provisions 61.8 per cent., boots and shoes 60 per cent., fuel 20 per cent., rents 13 per cent., dry goods 3 per cent., and the price of board 32.5 per cent. Average increase of 21 per cent. on all items of expense. Wages have advanced 12 per cent.

TOWN OF BUCKLAND, COUNTY OF FRANKLIN.

Groceries have advanced 15 per cent., provisions 20 per cent., boots and shoes 30 per cent., rents 9.5 per cent., and the price of board 37.5 per cent. Fuel is 4.3 per cent. lower and dry goods 5.6 per cent. Average increase of 11 per cent. on all items of expense. Wages remain unchanged.

TOWN OF MONTAGUE, COUNTY OF FRANKLIN.

No prices were obtained for 1860. Wages have advanced 23 per cent.

TOWN OF CHICOPEE, COUNTY OF HAMPDEN.

Groceries have advanced 14 per cent., provisions 11.4 per cent., boots and shoes 8.6 per cent., fuel 10.7 per cent., rents 23.8 per cent., and the price of board 38.8 per cent. Dry goods are 5 per cent. lower. Average increase of 17 per cent. on all items of expense. Wages have advanced 25 per cent.

CITY OF HOLYOKE, COUNTY OF HAMPDEN.

Groceries have advanced 9.9 per cent., provisions 27 per cent., boots and shoes 4 per cent., fuel 5.5 per cent., rents 44 per cent., and the price of board 58 per cent. Dry goods are 4.7 per cent. lower. Average increase of 24.6 per cent. on all items of expense. Wages have advanced 21 per cent.

TOWN OF MONSON, COUNTY OF HAMPDEN.

Groceries have advanced 12 per cent., provisions 24.9 per cent., rents 10 per cent., and the price of board 53 per cent. Fuel is 1.3 per cent. lower and dry goods 7.6 per cent. Boots and shoes remain unchanged. Average increase of 14 per cent. on all items of expense. No return was made for wages in 1860

CITY OF SPRINGFIELD, COUNTY OF HAMPDEN.

Groceries have advanced 7.3 per cent., provisions 21.8 per cent., fuel 2.8 per cent., rents 23.3 per cent., and the price of board 35 per cent. Dry goods are 9.6 per cent. lower. Boots and shoes are unchanged. Average increase of 15 per cent. on all items of expense. Wages have advanced 8 per cent.

TOWN OF WESTFIELD, COUNTY OF HAMPDEN.

Groceries have advanced 9.4 per cent., provisions 19 per cent., boots and shoes 9 per cent., fuel 8 per cent., rents 8 per cent., and the price of board 56 per cent. Dry goods are 12.8 per cent. lower. Average increase of 18.8 per cent. on all items of expense. Wages have advanced 19 per cent.

TOWN OF EASTHAMPTON, COUNTY OF HAMPSHIRE.

Groceries have advanced 2.4 per cent., provisions 26 per cent., boots and shoes 18 per cent., fuel 25 per cent., rents 34.7 per cent., and the price of board 50 per cent. Dry goods are 10.4 per cent. lower. Average increase of 22 per cent. on all items of expense. Wages have advanced 30 per cent.

TOWN OF NORTHAMPTON, COUNTY OF HAMPSHIRE.

Groceries have advanced 8.4 per cent., provisions 18.8 per cent., boots and shoes 20 per cent., rents 12 per cent., and the price of board 42 per cent. Fuel is 12.5 per cent. lower and dry goods 8.7 per cent. Average increase of 11 per cent. on all items of expense. Wages have advanced 33 per cent.

TOWN OF WARE, COUNTY OF HAMPSHIRE.

Groceries have advanced 9.3 per cent., provisions 14.4 per cent., and the price of board 22.5 per cent. Fuel is 14.2 per cent. cheaper and boots and shoes 4.5 per cent. No return for price of dry goods in 1860. Rents remain unchanged. Average increase of 14 per cent. on all items of expense. Wages have advanced 43 per cent.

CITY OF CAMBRIDGE, COUNTY OF MIDDLESEX.

Groceries have advanced 13 per cent., provisions 24 per cent., boots and shoes 20 per cent., fuel 4.7 per cent., and rents 21 per cent. Dry goods are 7.8 per cent. lower. No price for board in 1860 could be obtained. Average increase of 13 per cent. on all items of expense. Wages have advanced 15 per cent.

CITY OF LOWELL, COUNTY OF MIDDLESEX.

Groceries have advanced 15.5 per cent., provisions 26.8 per cent., fuel 1.3 per cent., rents 25 per cent., and the price of board 32 per cent. Dry goods are 10 per cent. lower. Boots and shoes remain unchanged. Average increase of 16 per cent. on all items of expense. Wages have advanced 12 per cent.

CITY OF SOMERVILLE, COUNTY OF MIDDLESEX.

Groceries have advanced 9 per cent., provisions 22.5 per cent., boots and shoes 25 per cent., fuel 2.3 per cent., and rents 20 per cent. Dry goods are 5.4 per cent. lower. No price for board in 1860 could be obtained. Average increase of 9.6 per cent. on all items of expense. Wages have advanced 13 per cent.

TOWN OF QUINCY, COUNTY OF NORFOLK.

No return made of prices in 1860. Wages have advanced 23 per cent.

CITY OF BOSTON, COUNTY OF SUFFOLK.

Groceries have advanced 10.8 per cent., provisions 18.6 per cent., fuel 2.4 per cent., and rents 15 per cent. Dry goods are 10.2 per cent. lower. Boots and shoes remain unchanged. No price for board in 1860 was obtained. Average increase of 8 per cent. on all items of expense. Wages have advanced 12 per cent.

TOWN OF CLINTON, COUNTY OF WORCESTER.

Groceries have advanced 10.3 per cent., provisions 19.6 per cent., boots and shoes 23.8 per cent., fuel 5.5 per cent., rents 28.5 per cent. and the price of board 56.2 per cent. Dry goods are 11.8 per cent. lower. Average increase of 16 per cent. on all items of expense. Wages have advanced 48 per cent.

CITY OF FITCHBURG, COUNTY OF WORCESTER.

Groceries have advanced 3.9 per cent., provisions 20 per cent., boots and shoes 13.6 per cent., fuel 17.6 per cent., rents 23 per cent., and the price of board 47.3 per cent. Dry goods are 6.8 per cent. lower. Average increase of 17.4 per cent. on all items of expense. Wages have advanced 34 per cent.

TOWN OF LEICESTER, COUNTY OF WORCESTER.

Groceries have advanced 11.7 per cent., provisions 17.9 per cent., boots and shoes 4 per cent., rents 10 per cent., and the price of board 37.5 per cent. Fuel is 2.6 per cent. lower, and dry goods 8.8 per cent. Average increase of 8.6 per cent. on all items of expense. Wages have advanced 21 per cent.

TOWN OF MILLBURY, COUNTY OF WORCESTER.

Groceries have advanced 10.3 per cent., provisions 18 per cent., rents 16.6 per cent., and the price of board 37.5 per cent. Boots and shoes are 4.5 per cent. lower, fuel 7.6 per cent., and dry goods 10.5 per cent. Average increase of 7 per cent. on all items of expense. Wages have advanced 36 per cent.

TOWN OF WEBSTER, COUNTY OF WORCESTER.

No return of prices for 1860. Wages have advanced 40 per cent.

CITY OF WORCESTER, COUNTY OF WORCESTER.

No return of prices for 1860. Wages have advanced 25 per cent.

Table VII is self-explanatory. It shows the purchase-power of money, or, in other words, the respective quantities of each article which one dollar in gold would buy in

1860, 1872, and 1878. Under the head of fuel, the "foot" means 16 cubic feet, or one-eighth of a cord.

TABLE VII.—*Purchase-power of money.*

Articles.		What one dollar would buy in—		
		1860.	1872.	1878.
GROCERIES.				
Flour, superfine, wheat	pounds	25.64	18.18	22.72
Flour, family	do	27.77	15.38	25
Flour, rye	do	33.33	31.25	28.57
Corn meal	do	45.45	55.55	47.62
Codfish, dry	do	18.87	12.20	16.67
Rice	do	13.33	8.93	10.87
Beans	quarts	12.66	10.52	12.05
Tea, Oolong	pounds	1.83	1.45	1.66
Coffee, Rio, green	do	4.67	2.92	4.22
Coffee, roasted	do	4.36	2.35	3.77
Sugar, good brown	do	12.19	9.80	11.63
Sugar, coffee	do	10.99	9.52	10.64
Sugar, granulated	do	9.70	8.33	10
Molasses, New Orleans	gallons	1.97	1.43	1.74
Molasses, Porto Rico	do	1.73	1.31	1.45
Sirup	do	1.57	1.33	1.16
Soap	pounds	11.49	12.50	12.34
Starch	do	9.18	8.19	10.64
PROVISIONS.				
Beef, roasting	pounds	9.18	5.26	6.94
Beef, soup	do	20.83	13.33	18.86
Beef, rump, steak	do	6.85	5.39	4.85
Beef, corned	do	15.38	9.52	12.34
Veal, fore quarter	do	13.70	9.52	9.80
Veal, hind quarter	do	9.18	5.85	6.53
Veal cutlets	do	7.09	3.54	5.05
Mutton, fore quarter	do	13.51	9.80	9.70
Mutton, leg	do	8.07	5.26	5.78
Mutton-chops	do	7.46	6.51	5.40
Pork, fresh	do	9.26	8	10
Pork, salted	do	9.09	9.09	10.31
Hams, smoked	do	7.75	7.41	8.07
Shoulders, corned	do	11.49	9.80	10.75
Sausages	do	8.77	8	8.84
Lard	do	7.57	7.87	9.34
Mackerel, pickled	do	10.52	7.57	8
Butter	do	4.58	2.55	3.97
Cheese	do	7.52	5.71	8.13
Potatoes	bushels	1.67	.97	1.03
Milk	quarts	21.27	12.50	18.86
Eggs	dozen	4.92	3.33	4.01
FUEL.				
Coal	pounds	312.5	217.39	310.56
Wood, hard	feet	1.23	.79	1.18
Wood, pine	do	1.90	1.14	1.58
DRY GOODS.				
Shirting, 4–4, brown	yards	10.87	7.69	13.33
Shirting, 4–4, bleached	do	9.26	6.25	10.64
Sheeting, 9–8, brown	do	9.34	7.14	11.11
Sheeting, 9–8, bleached	do	7.57	5.13	8.47
Cotton flannel	do	6.33	3.63	6.80
Ticking	do	5.81	4.17	5.78
Prints	do	9.09	8.55	12.98
Satinet	do	1.78	1.67	1.85
BOOTS.				
Men's, heavy	per pair	$2 75	$3 94	$3 24
RENTS.				
Four-room tenements	days	6.75	2.03	5.40
Six-room tenements	do	3.98	1.87	3.18
BOARD.				
Men	days	2.51	1.24	1.67
Women	do	3.92	1.87	2.63

WAGES AND PRICES.

We have shown the average weekly wages by towns and industries for 1860, 1872, and 1878; and the prices of groceries, provisions, &c., by city and town percentages,

and for the State, by name, for each article of expense for the same years. The results show, as hereinbefore stated, an advance of *twenty-four and four-tenths* per cent. in wages, and *fourteen and a half* per cent. in cost of living. On the face of it, this means a pecuniary advance in the condition of workingmen of *nine and nine-tenths* per cent. At the same time the reductions in the hours of labor which have been secured in various ways since 1860 should be taken into account. The application of the general average of increase in prices, 14½ per cent., to a workingman's *whole* income, does not cover the whole ground, or tell the whole truth. We reproduce from our report for 1875 a table showing the percentages of expenditure, as regards income, for the various items of the cost of living. The basis and absolute truth of this table are fully explained in the report above mentioned.

TABLE VIII.—*Percentages of expenditure as regards income.*

Items of expenditure.	Percentage of the expenditure of the family of a workingman with an income.				
	From $300 to $450.	From $450 to $600.	From $600 to $750.	From $750 to $1,200.	Above $1,200.
	Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Subsistence	64	63	60	56	51
Clothing	7 (97)	10.5 (95)	14 (94)	15 (94)	19 (90)
Rent	20	15.5	14	17	15
Fuel	6	6	6	6	5
Sundry expenses	3 3	5 5	6 6	6 6	10 10
Totals	100	100	100	100	100

To fully illustrate the effect of the advance in the cost of living, it is necessary to apply to the various items of expenditure their appropriate percentages of increase or decrease. We will take for our first illustration the case of a workingman earning $400 in a year. His expenses, in percentages and money-values, may be presented in tabular form, with a column showing the percentages of increase or decrease for each division of expenditure, based upon our figures for 1860 and 1878.

TABLE IX.—*Percentages of expenditure of an income of $400 yearly.*

Items of expenditure.	Percentages of expenditure.	Actual money expenditure.	Percentage of increase or decrease on each item of expense.
Groceries	47 (64)	$188 00	7 per cent. increase.
Provisions	17	68 00	28 per cent. increase.
Clothing	4	16 00	9 per cent. decrease.
Dry goods	1.5 (7)	6 00	9 per cent. decrease.
Boots and shoes	1.5	6 00	18 per cent. increase.
Rent	20	80 00	25 per cent. increase.
Fuel	6	24 00	5 per cent. increase.
Sundry expenses	3	12 00	—
Totals	100	400 00	14½ per cent. increase.

The succeeding table shows the application of the 24.4 per cent. increase in wages, and the various percentages of increase or decrease in prices of the different items of expense, drawn from our figures for 1860 and 1878, to the workingman's income and expenditure of $400 yearly.

TABLE X.—*A workingman's income of $400, increased 24.4 per cent., equals $497.60.*

Items of expenditure.	Expenditure on basis of $400 yearly.	Percentage of increase or decrease.	Expenditure on basis of $497.60 yearly.
Groceries	$188 00	+ 7	$201 16
Provisions	68 00	+ 28	87 04
Clothing	16 00	− 9	14 56
Dry goods	6 00	− 9	5 46
Boots and shoes	6 00	+ 18	7 08
Rent	80 00	+ 25	100 00
Fuel	24 00	+ 5	25 20
Sundry expenses	12 00	—	12 00
Totals	400 00	+ 14½	452 50

An advance of 14½ per cent. upon $400 expended would amount to $58, or $5.50 more than shown by the above table. This result is caused by different bases being necessarily used in averaging, and also from the fact that the percentage of increase or decrease on "sundry expenses" cannot be accurately determined.

From the example given, it is seen that the workingman with wages increased from $400 to $437.60 yearly, has his expenses also advanced from $400 to $452.50 yearly, or 13+ per cent. This is a gain of $45.10, or 11+ per cent. for the workingman, as against 9.9 per cent.

We have applied the percentages of increase or decrease in price in the various items of expenditure to only one division of Table VIII; but an interested party can deal with the other divisions in the same way, or apply the rules to his own expenditures, if he has kept suitable books of account. He can also apply the rules to the city and town showings.

To sum up, the result of our investigation as regards wages and prices in 1860 and 1878 may be stated as follows: *That the average weekly wages of workingmen in manufacturing and mechanical industries in Massachusetts, allowing for the advance in the cost of living, were ten per cent. higher in* 1878 *than they were in* 1860, *no account being made of the fact that the wages in* 1878 *were paid for fewer hours of labor per week, in many industries, than were required in* 1860.

PURCHASES.

Contemporaneously with the investigation by our agents as regarded wages and prices, other agents were making researches into the matter of purchases by the laboring classes, visiting retail dealers in different branches of trade, and ascertaining the quantity and quality of housekeeping articles purchased by workingmen, as compared with previous years, also inquiring if the workingmen had sufficient income to enable them to pay their bills with promptness.

Our agents employed in this investigation visited 345 dealers engaged in retail business. Their places of business were located in the following towns and cities: In Wakefield, 11; in Stoneham, 12; in Malden, 19; in Woburn, 13; in Peabody, 12; in Lynn, 50; in Salem, 20; in Chelsea, 41; in Cambridge, 43; in Boston, 124, of which 37 were in the Charlestown district, 35 in East Boston, 22 in South Boston, and 30 at the North and West Ends and in Boston Highlands.

As regards kinds of business, 118 were dealers in groceries, 37 in provisions, 51 in both groceries and provisions, 38 in boots and shoes, 23 in ready-made clothing, 11 in custom-made clothing, 13 in hats and caps and gents' furnishing goods, 15 in furniture, carpets, and crockery, 15 in dry goods, 20 in wood and coal, and 4 in sewing-machines; total, 345.

In presenting the testimony of the retail dealers we shall keep each branch of business by itself: giving, in each case, the results concerning the quality of goods purchased by workingmen, the quantity as compared with previous years, and, finally, the information obtained regarding the promptness in payments.

Groceries.—One hundred and eighteen retail dealers. As regards quality of groceries purchased by workingmen, 85 dealers state, that, of the staple goods they buy the best; while 57 dealers say they *always* buy the best flour; 28 dealers say they sell some of the best grade of goods, the balance being good or ordinary; 32 dealers state that they sell few canned goods or fancy groceries, while 2 dealers report sales of more of this grade of goods than in past years. Concerning quantities purchased now, as compared with previous years, 97 dealers say the workingmen buy in small quantities, being very economical, purchasing only what is necessary from day to day; 13 dealers state that their customers buy as much as they ever did; 4 dealers think they would buy more if times were good. Regarding payment, 71 dealers—many selling exclusively for cash—report that bills are paid as promptly as they ever were; 29 dealers say that money comes in slowly; 10 dealers say payments are always prompt when their customers have work; 1 dealer says payments are made more promptly than a year ago; 5 dealers say they lose no more by workingmen than by those supposed to have money, and 5 other dealers state that the workingmen pay better than those supposed to have money.

Provisions.—Thirty-seven retail dealers. That workingmen buy the best meats and vegetables is stated by 17 dealers; 20 dealers say they purchase a good quality of meats, but not the best; 4 dealers say they use much soup-meat; 6 dealers say they used to sell better meats; 1 dealer says the laboring classes do not buy fruits and canned goods; and 1 dealer thinks their economy is in quantity, not quality. Regarding quantity, 28 dealers coincide in the statement that the workingmen buy economically, in small quantities, as needed; 7 dealers say their customers buy as much as ever. Concerning payments, 24 dealers say they pay well, generally cash; 10 dealers say they pay slowly; 2 dealers consider workingmen as good pay as business men, and 6 dealers think they would pay better if they had more work.

Groceries and provisions.—Fifty-one retail dealers. Of this class of shopkeepers, dealing in groceries, meats, vegetables, &c., as regarding quality, 37 say their customers

purchase the best staple groceries, 20 say they always buy the best flour, and 30 say they buy the best meats and provisions; 20 dealers say they sell good and medium quality of meats, not the best; 1 dealer says he sells as good goods as ever; 1 finds it hard work to sell poor meats; 4 sell medium grade of groceries and provisions; 12 say they have no call for fancy groceries. With reference to quantity, 36 dealers say their customers buy economically, while 5 state that they buy as much as ever. Concerning payments, 22 dealers sell for cash, and have no cause to find fault about payments; 6 dealers say their customers pay only fairly; 2, that they pay as well as the rich; 3, that they lose more by the poorer classes; 10, that they pay slowly; while 8 think, if they had more work, there would be no trouble about prompt payments, and they would buy more. One dealer says business is better than for five years; and another says when business is brisk workingmen live as well as their employers.

Boots and shoes.—Thirty-eight retail dealers. Concerning quality of goods bought by workingmen, 11 dealers say they buy cheap goods at the lowest possible price; 16 dealers say they buy cheap goods because they are too poor to buy better, and the inferior articles wear out so soon it keeps them buying all the time; 24 dealers say their principal trade is in medium grade goods; 1 dealer says women buy better quality of goods than men, but not the best; 2 dealers sell good, durable goods; and 1 dealer says he sells same grade as five years ago, but that they are better goods than they were then. Regarding quantity, 15 dealers say they sell fewer goods than they used to, purchasers buying very economically. Payments are reported prompt by 25 dealers, as they sell for cash; 8 dealers say payments are made slowly.

Ready-made clothing.—Twenty-three retail dealers. Quality of goods sold of medium grade is the testimony of 16 dealers; 8 dealers say they sell cheap goods principally because their customers cannot afford better quality; 8 dealers state that many who used to wear custom-made goods now buy ready-made, and that parts of suits are usually sold instead of complete outfits; 1 dealer sells as good articles as ever. Regarding quantity, 1 dealer says he is selling more goods, 7 that they are selling less than formerly, and 7 say their customers buy underclothing very sparingly. Cash payments are required by 13 dealers; 2 say their customers pay fairly, 2 that they pay better than formerly, and 2 poorly.

Tailors.—Eleven retail dealers in custom-made clothing. Concerning quality, 7 dealers say their customers buy pretty good suits, 2 that they want good work; 1 dealer says in good times all classes wore the best goods; 4 dealers say many of their former customers now buy ready-made goods. Regarding quantity, 7 dealers say they do not sell as many goods as they used to, and many only buy parts of suits at a time. Respecting payments, 3 dealers say they usually get their money, 4 that payments are slow; 1 dealer says laboring men pay as well as those with money; 2 say give them work and they will pay promptly; 1 dealer says he sells some clothing on the installment plan.

Hats, caps, and gents' furnishing goods.—Thirteen retail dealers. Workingmen buy medium quality of goods is the testimony of 11 dealers, and 8 of these dealers say by buying cheap goods they are consequently obliged to buy much oftener; 2 dealers say they sell as many dollars' worth as ever, but low grade of goods; 4 dealers say when workingmen had money they bought the best. Regarding quantity, 9 dealers state that their customers buy economically, parts of suits of underwear only at a time; 2 dealers say they sell fewer goods than formerly. Respecting payments, 11 dealers say they sell for cash; the other 2 dealers report that payments are made slowly.

Furniture, carpets, crockery, &c.—Fifteen retail dealers. Regarding quality, 6 dealers report that they sell medium-priced furniture; 2 dealers say they sell only the cheapest goods now; 6 dealers say their customers buy good articles, paying more attention to service than to show. Concerning quantity sold, 5 dealers say workingmen buy only what they actually need; 3 dealers say they sell less than five years ago; while 1 dealer says there has been no falling off in the amounts of individual purchases. Respecting payments, 7 dealers say their business is done principally for cash; 3 of the 7 tried the installment plan, but gave it up; 3 now sell chiefly on the installment plan, and get their money; 5 dealers say payments are not made promptly.

Dry goods.—Fifteen retail dealers. Dry goods may be classed, as to quality, as cheap, medium, good, and best; 7 dealers sell cheap hosiery, and 4 cheap underwear; 10 dealers sell medium cottons, 4 medium hosiery, 5 medium underwear, and 9 medium prints; 1 sells good hosiery, 1 good underwear, 2 good cottons, and 4 good prints; 1 dealer sells the best cottons; 1 dealer says he is selling better goods than ever. Concerning quantity, 10 dealers say their customers buy economically; 5 say they buy from week to week for immediate wants; 1 dealer says he sells as much as ever. Cash payments are required by 7 dealers.

Wood and coal.—Twenty retail dealers. No particulars concerning quality of wood and coal sold were obtained. Concerning quantity purchased, 8 dealers say they sell considerable coal to grocers and coal-peddlers, who resell it by the basket, and in some cases sell as small a quantity as a peck of coal or a stick of wood; 18 dealers report that they sell wood in small quantities; 18 dealers say workingmen buy from one-

quarter to one-half a ton of coal at a time. A cash business is done by 10 dealers; 2 say their customers pay pretty well. One dealer speaks of a custom followed by some families of "doubling up" in winter, in order to economize on expense for fuel.

Sewing-machines.—Four retail dealers. Three say they sell to the laboring class to a great extent; the other firm says four-fifths of its trade is with working men and women. All four sell on installments; 2 report payments as met promptly, while the other two say money comes in slowly.

From this investigation, embracing the business experience of 345 dealers doing a retail trade in ten cities and towns, which contain a population of about 550,000, it seems fair and just to draw the following conclusions: *That the workingmen of Massachusetts, in the majority of cases, have the best quality of food, though not in so great quantity and variety as in previous years; that they are practicing a rigid economy in purchases of clothing, dry goods, boots and shoes, house-furnishing goods, and fuel; and that the majority continue to pay their bills promptly.*

Comparing this state of affairs with the previously ascertained relations of wages and prices, which show in 1878 an advance over 1860 of twenty-four and four-tenths per cent. in average weekly wages, and an average advance in cost of living of fourteen and a half per cent., which means a pecuniary betterment of ten per cent. in the general condition of the workingman in Massachusetts in 1878 as compared with 1860—no account being made of the decrease in hours of labor in many industries—it would seem almost like stating an axiom to prophesy that, with a revival in business, a gradual decline in the prices of provisions, &c., and no cut-down in wages, the condition of the workingman in this State, within a comparatively short period, will be better, considering all circumstances, than it ever has been since the foundation of our Commonwealth.

C.

RATES OF WAGES, PRICE OF PROVISIONS, FUEL, RENT, ETC., IN ENGLAND AND AMERICA IN THE SUMMER OF 1878.

IN CONNECTION WITH THE STATEMENT OF JOSEPH D. WEEKS, P. —.

Wages.

	South Staffordshire.		Warrenton.		Pittsburgh.	
Boiling, per ton		$1 79.2		$1 79.2		$5 00
extra for best iron, per ton		05.9			$0 50 to	1 00
Muck-rolling		28.6		27.1	57 to	65
Scrapping	Bar ends.	1 25.4				2 50
Shingling		28.5		25.2	Hobbled iron.	77.3
Metal weighing		02.8				10
Muck weighing		04.9				11.5
Bar-rolling		52.3		52.3		65
heating		65.3		65.3		65
Guide-rolling, ▯ ○ and □				1 40.9		2 40
heating....do....						
Hoof-rolling, 1″ by 18″		1 26		1 26.9		
heating		51.8		55	4 00 to	4 80
Sheet-rolling, No. 24		3 09.7				7 16
heating, No. 24						
Machinists	Per hour.	17	Per hour.	14⅜	Per day. 1 50 to	2 40
Molders	Per hour.	17	Per hour.	16⅔	Per day.	2 00
Carpenters	Per hour.	17	Per hour.	17½	Per day. 1 62 to	2 30
Blacksmiths	Per hour.	17	Per hour.	16⅔	Per day. 1 62 to	2 35
Millwrights	Per hour.	17	Per hour.	16⅔	Per week. 18 00 to 22	50
Bricklayers	Per hour.	17	Per hour.	14⅔		
Stone-masons	Per hour.	18	Per hour.	18	Per day. 2 00 to	2 50
Teamsters	Per hour.	11⅛	Per hour.	18	Per week.	9 60
Watchmen					Per week.	7 80
Laborers	Per hour.	80	Per hour.	80	Per day. 90 to	1 25

Price of provisions, rent, &c.

Tea	lb.	$0	50	to $0	70	$0	32	to $0	84	$0	35	to $0 90
Coffee, Rio, green	do.				28				26		16	to 19
roasted	do.				36				33		20	to 24
Sugar, brown	do.				06		05	to	08		05	to 08
lump or crushed,	lb				08		07	to	08			10
Rice	lb.				08		04	to	08		07	to 09
Potatoes	Per lb.				02	Per peck.	30	to	36	Per peck.	15	to 18
Flour	bbl	8	75	to 9	75	6	25	to 8	75	5	00	to 7 00
Pease, white	Per lb.				05	Per qt.	05	to	06	Per qt.	06	to 08
Milk	qt.				08		06	to	08		06	to 08
Butter	lb.		28	to	32		24	to	26		16	to 22
Cheese	do.				18		12	to	20		10	to 13
Lard	do.				16		16	to	18			10
Eggs	doz.		16	to	24		14	to	18		13	to 15
Candles	lb.						12	to	28		11	to 18
Soap	do.				06		04	to	10		03	to 08
Coal	ton			4	50	3	60	to 4	32			2 00
Mutton	lb.		16	to	24		16	to	22		08	to 12
Lamb	do.						24	to	28		12	to 16
Veal	do.		17	to	28		14	to	20		10	to 15
Ham	do.				24		16	to	24	Sliced.	11	to 14
Bacon	do.		15	to	22		12	to	20		06	to 08
Pork, fresh	do.				16		14	to	18		07	to 10
Beef, roasting	do.				22				22		14	to 18
soup	do.				12				16		06	to 08
rump-steak	do.				28						12	to 14
corned	do.				18						08	to 12
Shirtings, brown, 4/4	yd.				08						06	to 08
bleached, 4/4	do.				11						08	to 10
Ticking	do.				26						15	to 20
Prints	do.				11						04	to 06
Suit of working-clothes						7	20	to 9	60	7	00	to 10 00
House rent, 4 rooms, per week				1	25			1	08	1	50	to 3 00

NOTE.—Above prices are per ton of 2,240 pounds, except when otherwise stated. The shilling is reckoned at 24 cents, and a week at 54 hours in England.

BROOKLYN, N. Y., *August* 28, 1878.

To the Honorable Congressional Committee:

A business experience of fifty years enables me to impart to your committee the results and facts of the past. In my boyhood, and for many years, the great staple flour was sold at about $5; labor, unskilled, 75 cents to $1; skilled labor, carpenters and masons, $1.25 to $1.50 per day; wood, $3 to $4 per cord; charcoal, 12 to 15 cents per basket of 1½ bushels; milk, 6 cents per quart, *beer measure;* codfish, 2 to 3 cents per pound; halibut, 5 cents. A day's work was from sunrise to sunset; one hour allowed for each, breakfast, dinner, and supper; the hours were 7 a. m. 12 m., and 4 p. m. The town bell was rung at these hours, and at 9 p. m. for bed-time. Orrell coal was then brought from England *as a curiosity;* anthracite coal was not then known; there were no steamboats or engines.

The people of that day so mixed religion and morality as to regulate their conduct, weights, and measures after the pattern of the fathers—"good," "pressed down," "running over." The yard measure was 36 inches *and a thumb*; milk measure was the imperial gallon or quart; now 'tis wine measure (¼ *less*); 16 ounces was then the pound; now any number from 12 oz. Troy to 16 oz. avoirdupois, according to the ideas of the huckster. There were then no "helpers"; every mechanic had one or more apprentices, as he required, without hinderance; these apprentices were under the eye of the master; they generally boarded in his family, and were subject to his orders at all times; they served generally seven years—from 14 to 21 years of age. The writer entered at 15 and served but 6 years, under regular articles of indenture between parent and master; the result of this supervision was a good and faithful workman. Meanwhile, the apprentice was "the *helper*," instead of a broken-down man. It was for the interest of the master to make the apprentice as thorough a workman as himself, so that he might charge journeyman's wages during the minority of the apprentice, as he might do at and after the age of 18 years—4 years to instruct and 3 years to enjoy the benefit. Now, lazy foreign helpers have usurped the places belonging to the native youth; and just here was the beginning of the habits and customs that have made it almost impossible for parents to apprentice their sons. Hence, commercial colleges are overrun with boys from 15 to 18 years of age. With habits of idleness engendered, they are thrown upon the community to get a living by hook or by crook, instead of filling honorable positions as skilled and honest workmen,

leaving their proper places to be filled by foreigners, who have little or no sympathy with American manners and customs.

Formerly, especially during the war, when flour was sold at $18 per barrel, much was written and said about the due *relation of wages to the price of flour;* but now, with flour at $6, no claim of that sort is made. Question these men about this "proper relation of bread to wages," &c.

Your committee can immortalize itself by recommending to Congress and to the several States the passing of two laws: one by government, to regulate the exportation of flour, fixing a minimum value at $5 and by a sliding scale of export duties—favor the workmen by cheap bread; the other, the passage of a law requiring the employment of boys during their minority by master-mechanics, abolishing the "helper" system, and giving, as formerly, the master the right to direct, under proper regulations, for you to set forth (but I fear you will have to call upon older men for the details), by and through which the hordes of boys from 14 to 18, now idle and vicious, can be lessened, and a race hereafter to be produced of industrious, honest workmen.

The present multitude of dissolute boys can be saved from the prison and taught some useful trade.

Remember, gentlemen, that labor is the right arm of the state. Demagognes may prate about that of which they know but little, but *statesmen* should see to it that labor should first be *honest work*, and then good pay will follow, as it always has done.

I should like to appear before your committee, but have no relish for newspaper notoriety.

Yours,

CHS. SAVAGE.

OFFICE OF PERRY & CO.,
Albany, N. Y., August 3, 1878.

DEAR SIR: I have taken the liberty of sending to you and to your honorable associates on the labor commission copies of my pamphlet treating of the subject of labor in a certain phase, and, perhaps, to some extent of local application. I think you will discover in it some evidences that one of the causes for the present movement on the part of the labor interest is the inability of the trades-unions to maintain their control and their power to dictate prices and terms. While these organizations can do this, we hear of few complaints from that source. I cannot but feel that no small part of the troubles that now rest upon our country are due to them; the cost of production has been increased to an unnatural degree and out of proportion to the cost of living; the ability to export our manufactures has been weakened, as well as the financial ability of our manufacturers. That wages have been largely reduced is true, and so has the cost of living to an equal, if not greater, extent. Two hundred and fifty-nine men of all grades (25 of them small boys) earned per day in our foundery the week ending 20th July, 1878, an average of $1.57 $\frac{3}{10}$ each; that is, from 50 cents to $3.50 per day. With wages 20 per cent. above this, they remained idle in 1877 five months rather than give up their union, or rather than to allow us to control our own works.

That much labor is unemployed cannot be denied; but laborers must take their share in the depressions and disasters of the times with other classes of community; but in an experience of thirty-five years in the employment of large numbers of mechanics and laborers, I have observed that *steady, sober,* and *industrious* men, who were willing to work for wages in proportion to the cost of living and the price that products would command, rarely lacked employment.

I will say, in short, not to trouble you with anything further, that, in my opinion, the two chief causes for the unsatisfactory condition of labor are found in *trades-unions* and *intemperance.*

Very respectfully, yours,

JOHN S. PERRY.

Hon. ABRAM S. HEWITT,
New York.

BURLINGTON, IOWA, *August* 9, 1878.

DEAR SIR: In response to your resolution, adopted by the committee on August 6, inviting employers and employed to forward information calculated to throw light upon the labor problem, we respectfully submit the following statement, which shows, as

nearly as possible, the fluctuations of the price of labor in this vicinity in the cigar manufacturing industry in the years between 1860 and 1878:

Year.	Average wages paid men per 1,000 cigars on fine work.	Workmen's average wages per week on fine work.	Average wages paid men per 1,000 cigars on common work.	Workmens' average wages per week on common work.	Average wages paid boys for good mold work per 1,000 cigars.	Boys' average wages per week for good mold work.	Average wages paid boys for common mold work per 1,000.	Boys' average wages per week on common mold work.	Comparative steadiness of employment.
1860	$8 00	$9 60	$4 00	$8 00	.....	.....	.....	.....	Steady.
1861	8 00	9 60	4 00	8 00	.....	.....	.....	.....	Unsteady.
1862	10 00	12 00	7 00	11 00	.....	.....	.....	.....	Steady.
1863	13 00	16 00	9 00	13 50	.....	.....	.....	.....	Do.
1864	15 00	20 00	11 00	15 40	.....	.....	.....	.....	Do.
1865	15 00	20 00	11 00	15 00	.....	.....	.....	.....	Do.
1866	15 00	20 00	11 00	15 00	.....	.....	.....	.....	Do.
1867	13 00	16 00	11 00	15 00	.....	.....	.....	.....	Unsteady.
1868	13 00	16 00	11 00	15 00	.....	.....	.....	.....	Do.
1869	13 00	16 00	11 00	15 00	.....	.....	.....	.....	Do.
1870	13 00	16 00	11 00	14 00	.....	.....	.....	.....	Do.
1871	13 00	16 00	11 00	14 00	.....	.....	.....	.....	Do.
1872	13 00	16 00	11 00	14 00	$6 00	$7 20	$4 00	$3 50	Do.
1873	12 00	15 00	10 00	12 50	6 00	7 20	4 00	3 50	Do
1874	12 00	15 00	9 00	12 00	6 00	7 20	3 00	2 50	Do.
1875	10 00	12 00	9 00	12 00	6 00	7 20	3 00	2 50	Shops laid off about 2 months.
1876	9 00	10 80	8 00	9 60	5 00	6 00	3 00	2 50	Shops laid off about 3 months.
1877	9 00	10 80	7 00	8 40	5 00	6 00	3 00	2 50	Shops laid off about 4 months.
1878	9 00	10 80	7 00	8 40	5 00	6 00	3 00	2 50	Shops laid off about 2 months to date.

In explanation of the above statement we would state that the rise in wages in 1862 was the direct result of enlistment of cigar-makers in the Army. The cigar-makers remaining at home, noticing the urgent demand for their labor, organized a union at once, and dictated their own terms until the year 1867. In this year the disbanding of the Army caused the return of the cigar-makers who had served in the war; and employers gladly welcomed them to their old places on account of the dictatorial manner of the cigar-makers' union. There being no actual use for the returned cigar-makers (their places having been filled by apprentices and others), it at once caused a competition for situations, and a consequent reduction of wages.

In the year 1872 a new source of trouble made its appearance in the shape of cigar-molds. By the introduction of these molds experienced labor has been displaced by inexperienced labor, and the cigar manufacturing industry, formerly followed almost entirely by men, is fast going into the hands of boys and girls from the ages of fourteen to twenty years. In conclusion, we will say that great hopes are entertained that your committee will be able to agree upon the true cause of, as well as upon the proper remedy for, the present depression.

We are, sir, with great respect, yours, &c.,

HENRY C. CADY,
Cigar-Maker.
ROBT. SCHNEIDER,
Manufacturer.
AUG. ANDERSON,
Cigar-Maker.
DEMPSEY & HOERR,
Manufacturers.
FRED. LANGE,
Cigar-Maker.

Hon. ABRAM S. HEWITT,
Chairman Congressional Labor Investigation Committee, New York City.

WASHINGTON, D. C., *August* 9, 1878.

SIR: For a number of years past my mind and attention have been directed to the problem of avoiding the now impending calamities by means of rural labor organization, whereby the surplus population of our overcrowded cities may be advantageously

disposed of, as set forth in the accompanying paper. And I believe that, if some means can be found of giving to small investors in joint-stock and co-operative skillful rural enterprises the protection necessary to make them feel that their investments are reasonably safe, thousands of families, now idle and suffering in the overcrowded cities and manufacturing districts, might be relieved by the principle of combination and through co-operative associations. They could settle on the lands purchased for the sole object to plant and cultivate such crops as would produce commercial articles, as in France, and thus, through rural industry, develop untold wealth for the benefit of the country, and to furnish an abundant supply of bread to the laboring classes.

But how can this protection be provided? Surely it is one of the most practical and important, nay, vital problems, to the solution of which the best intellects of our national legislature should be seriously addressed.

Herewith I have the honor to inclose a copy of a suggestion presented on the 5th instant by me to the Labor Exchange Association of this city, which I also submit for your consideration.

Most respectfully, your obedient servant,

I. SMOLINSKI,
603 *H Street N. W.*

Hon. ABRAM S. HEWITT,
Chairman of the Congressional Labor Committee.

N. B.—It would afford me great pleasure to appear before your honorable committee, or confer with its individual members, in relation to this subject, which a profound study for many years, coupled with extensive observations in several countries, enables me to treat practically.

I. S.

General Smolinski (a Pole, but for many years an American citizen) is known to me as a thoughtful, humane, and estimable man.

THOS. B. BRYAN.

WASHINGTON, D. C., *August* 9, 1878.

WASHINGTON, D. C., *August* 5, 1878.

To the Labor Exchange Association, Washington City:

Labor is the exercise of man's force, either physical or mental, and when in harmonious co-operation with nature, it produces what is essential to sustain life or what contributes to its comforts and enjoyment. Thus, labor is the fundamental idea of every true system of political economy—the corner-stone of the welfare of mankind. Capital is one of the products of labor. It, in turn, creates manufacture, commerce, civilization. As the handmaid of enterprise, it develops the natural resources of the country, and opens communications between remote nations of the earth, which would remain unknown to each other but for the far-reaching of capital and enterprise. Thus capital is a secondary yet most potent element in the scheme of political economy, and is most effective and beneficent in its working when fairly employed in conjunction with labor, its prime cause. How, then, can this association of capital and labor be best effected, in order to relieve the present all-prevailing distress in the cities of this country?

The first great cause of that distress is the improper distribution of the labor, aggravated by secondary causes, which appear to the masses as primary, because most obvious and most nearly affecting them. There are too many, vastly too many, nonproducers and consumers, too few engaged in productive labor. Until the true equilibrium be established, by drawing from the cities this surplus population and swelling the ranks of those whose labor shall be the tilling of the soil, it is vain to expect permanent relief.

Take the District of Columbia for an illustration. Out of a population of, say, 150,000, there are probably from 5,000 to 10,000 heads of families who depend upon labor for their support, and yet half of whom are entirely without work even now in summer, and certainly with little prospect of finding employment next winter. Suppose these fathers have an average of from three to five children each; what is the character of *their* education and what *their* future prospects? Are they being educated to become producers or to swell the number of consumers? And this is but a type, and indeed a mild type, of the epidemic of misery now raging in all the cities of the Union.

What is the remedy? Certainly not in the power of the general government, but directly in this of the very inhabitants of the cities themselves, who should check, while it is yet time, the impending calamities, by organizing and purchasing large bodies of land for the colonization of surplus and discontented population, and thus the evil complained of will disappear and universal benefit result. Lands may be advantageously purchased at present, and especially in the Southern States, where for

an average of $6 per acre vast bodies of adjacent land can be secured, admirably adapted to the wants of such colonies, and from which capital would realize a safe and even a remunerative return. Twelve hundred acres should belong to the shareholders, and 10,800 to colonists, as follows: 3,000 to be planted in vines and fruits, 3,000 in cereals and other crops, 2,600 to be preserved in forest, and 2,200 in pasture. The last two items to be in common to all the settlers. By such subdivision the settlers have to pay for 10,800—300 of them, equal to 36 acres each, and plus for surveying and absolute expenses incurred by organization, say, $2 per acre more than its original cost $28 00

Transport to colony (railroad companies, to encourage immigration, may give free pass) still we reckon	25 00
Town lots to be laid on the reserved land of shareholders, each lot half an acre	50 00
* House built on it by shareholders worth about	300 00
† Seeds and plants, if furnished (10 acres each planter), with once plowing for vines, &c	250 00
Groceries to be kept at cost price, first advance of such to each	50 00
Poultry, cow, and hog, if required	50 00
Each settler-planter will be debtor to the shareholders about	1,013 00

No employé to be engaged by shareholders unless he himself holds at least five shares, and no mechanic or laborer unless he is an actual settler. From every weekly or monthly payment of the wages of employés, mechanics, and laborers thereof will be deducted 10 per centum, and they will be credited as much until they pay all they owe to the concern; then the shareholders shall issue to them, as to all the remainder of the settlers who may pay all in full, the fee-simple title to the property which they may possess in the colony.

The Labor Exchange Association of the City of Washington will alone receive the subscription to the amount of two thousand five hundred shares, each of $100, payable by installments of $2 per month until all is paid, and issue to the first the other two thousand five hundred shares of full paid stock; and as soon as the first thousand shares are subscribed (each so subscribing has to pay down $2 per share) they will call a meeting, and elect one president, one vice-president, and three or five directors, all five or seven to form the board of directors, who shall have their office and hold their meetings permanently in the city of Washington, whose object shall be intelligent devotion to assist worthy citizens out of employment, and the distressed with their families to the colony bought and organized for that purpose by the philanthropic citizens as "Washingtonsville Community."

The board of directors will elect a secretary, who shall be an attorney, to transact legal business of purchase and sale, designate a bank of deposit, &c., and designate one of the five or seven directors for managing director, who shall conduct the administration on the colony's grounds, reporting to the headquarters monthly Besides the above officere, the managing director shall pass upon contracts, appoint the following assistants: one surveyor, one overseer-gardener and viticultor, one foreman to superintend the labor, one head clerk and one or two assistant clerks of country store. All those employés, with the exception of the secretary and attorney of the colony, shall permanently remain and settle on the colony's grounds, and be approved by the full board of directors. The salaries of managing director, secretary and attorney, surveyor, overseer-gardener, foreman, and clerks of country store, should be no higher than the wages of first, second, and third class mechanics. All other higher grade officers not to be paid until the dividends after four years of association's existence will justify it.

As soon as the association of the Washingtonsville Community shall be organized as above, the directors will send two or three trustworthy gentlemen, two practical viticultors and gardeners, and one surveyor to Maryland, Virginia, North and South Carolina, to examine the character of the soil, its price, &c., and report to the board of directors, who shall convoke a meeting of shareholders, and these by a vote of three-fourths majority shall decide the spot upon which the Washingtonsville Community will settle.

Any citizen who may subscribe five shares with the intention to settle on the lands of this association, as well as any mechanic or any workingman sent by the board of directors of said association as one of the permanent settlers, shall receive the assistance specified in this preamble, and pay for it by half of the fruit-produce raised by him, and for the other half he will receive cash as soon as the association, after manufacturing it, shall dispose of it and receive the proceeds.

The settlers will be shown and taught by the overseer-gardener and viticultor the art of skillful cultivation of the soil, particularly how to plant and trim vines, &c. All pro-

* There is in South Carolina, and no doubt elsewhere, beautiful timber which may be manufactured on the spot by portable steam-saws. Thus, material would cost a trifle but labor.

† The overseer gardener can raise a supply of plants and garden-seed which will pay well, &c.

duce shall have a market on the spot, through the agents of the association, who, by virtue of the constitution of this association, shall be the members of the community. Grants and donations will be given to the settlers in town lots and materials, raw or manufactured, by the association for the schools and houses of worship of any denomination.

The subscribers to the shares subject to installments, as well as holders of full-paid shares, by virtue of the spirit of this association, shall be entitled to dividends incoming from rural manufacturing produce, received half in payment of debt from cultivators and the other half purchased from them as stated above, and so it shall continue until all the liabilities of settlers and those of the association are fully paid and the stock declared to be worth $200 per share clear of all incumbrances. Then all shareholders shall receive, per installments, or otherwise, $200 in cash for every $100 on the face of the share, and thus redeemed shares will be transferred to the whole community and become its property for the purpose of an educational fund, children's and orphans' endowments, &c., administered by said community according to the laws of the State in which this community will settle, and as independent and self-governing citizens, who never will cease to bear in their hearts gratitude to the fellow-citizens of the District of Columbia for their assistance in making them to become thus.

In conclusion, we, the undersigned subscribers, citizens of the District of Columbia, authorize Gen. I. Smolinski to solicit subscriptions from all citizens, patriotic and wise economists, considering that such investment will be profitable to the subscriber, and in the mean time enable the city to relieve hundreds of families, and open permanent avenues to all of us desiring to secure for our children, by rural education and industry, moral, honorable, and happy independence.

Two per centum ($2), collected at time of subscription, shall be deposited at the bank of Riggs & Co., credited to Labor Exchange Association for Washingtonsville Community.

Names of subscribers.	Number of shares taken.	Amount paid.	Residence and remarks.

To the Congressional Committee of Inquiry on the Labor Question:

I live in Woburn, Mass., a town containing 10,500 inhabitants, the business of which is principally making leather.

I ask your attention to the few following facts and ideas: Materials and provisions necessary to suppport a family are as low as at any former period, and more can be bought to-day for an average week's work than at any former time. It will be seen by the following statistics that it is better for laboring men to live and support a family with a currency based on specie payment.

I call your attention to a list of prices of various articles of consumption used in all families in the years of 1860, 1865, and 1878. This was obtained from one of the oldest and most reliable stores in town, and is as follows, namely:

	1860.	1865.	1878.
Flour	$8 00	$20 00	$8 00
Corn	1 75	2 25	1 25
Butter	23	60	23
Pork	12	30	12
Tea	50	1 50	50
Sugar	11	16	10
Fish	4	12	6
Beans	6	12	8
Cotton cloth	14	33	8

The following prices were also paid for labor in the same years, taken from one of the leading manufactories in town:

	1860.	1865.	1878.
First-class mechanics	$1 50	$2 50	$2 17
Second-class mechanics	1 17	1 75	1 42
Laborers	1 00	1 50	1 25

Thus, it will be seen that provisions are as cheap or cheaper to-day than in 1860, and the workingman is getting more pay now than then, while in 1865 his condition was much more unfavorable than either of the other years. I think there has been more uneasiness and suffering among the laboring men for lack of employment than ow wages.

The rapid introduction of labor-saving machinery has been largely, if not mainly, influential in bringing this about. I will refer you to only one department of industry in proof of this: In 1865 there were 4,731 less shoemakers in the State than in 1875, yet there was manufactured in 1875 $33,000,000 more of boots and shoes.

Capacity or incapacity has too little weight with working-people. How far superior brain power ought to work for universal good is a question yet to be settled. All men cannot fill every place, but every man can fill some place. Brain force is a gift from God. Men cannot be made good or great by their own will, or by legislation, any more than they all can be made seven feet tall. The question may arise, how far superior brain power ought to work for universal good? This will not be likely to follow until the selfish elements of our nature are changed into benevolence, and this can be accomplished only by slow degrees. The present state of society and civilization has grown out of the average condition of the brains of the people, and cannot be set aside at once without disastrous results.

Demand and supply cannot be controlled by the people of one State or nation. If the hours of labor should be reduced or wages raised in America, then we could not compete with other nations in our productions, and business would suffer a still further depression than is now experienced.

It is a question how far the government ought to interfere for the benefit of the weaker portion of the people. Much cannot be done in this direction without impairing their manhood by taking away their self reliance, which would be most unfortunate.

How far it comes within the scope of the function of the government to assist poor people in a pecuniary way who have the right of franchise is for you to decide. It is certainly a very important point to be considered. Possibly it might be allowable to place some such people on lands where they could help themselves.

This subject is almost unlimited, and I have already said more than you will wish to read. I have heard so much of weak vagaries presented to your committee, I felt like saying what I have in writing, as I cannot appear before you personally, which I should be happy to do.

Truly,

JOHN CLOUGH.

Report of Tailor Union, No. 2, of Williamsburg.

Williamsburg (Brooklyn, E. D.), *August* 20, 1878.

To the Congressional Committee appointed to investigate the Condition of Labor:

The Tailors' Union of Williamsburg feels constrained to submit its contribution and conscientiously responds to the call, so far as it is concerned in this branch of labor. In order the better to comprehend our case, it must be understood that (this) our union is composed exclusively of shop tailors, *i. e.*, tailors who work year in and year out, making clothes which are sent to every part of the United States, California included. The clothing of our handiwork therefore forms a handsome staple article of manufacture in which millions of dollars are yearly interchanged—a statement which is proved by the fact that between 30,000 and 40,000 working people of both sexes are employed at this trade in the cities of New York and vicinity. It is not, by any means, to be supposed that these are all thoroughly qualified workmen of the trade. There are coat-makers who during the entire year make nothing but coats, others who make nothing but vests, others nothing but pantaloons. The two last species of piece-work are easiest to learn, and consequently performed mostly by women and those who are not tailors by trade. We might rank these different clothes-makers into first, second, and third classes, who are paid according to the fineness or coarseness of the work. The manufacturers or employers are mostly to be found in New York, and count many millionaires among their number. It must not be

forgotten that our wages for piece-work, which have always been low, have, since the late financial crisis, been reduced. One cause of this is attributed to a lack of consumption as well as a weakened means of purchasing. Half of these employers are in competition with cheaper wares thrown on the market. A second cause lies in the improvements in machinery, such as cutting and fitting machines, &c. By these innovations a large number of idle hands are created, who to stave off starvation underbid others by accepting any terms offered them.

We have already said that the prices many years ago were a third higher, and for a time after the war of the rebellion much more than that; so that many working people actually had their own homes, even palaces where a noble himself need not be ashamed to dwell. These favorable times are, however, gone. Many were obliged to forsake their homes, being unable to pay either the interest on the unpaid capital they had assumed, or the taxes levied every year upon them. A further cause of the reduction of the wages is that the manufacturer has developed all the methods of the division of the industry and applied them. The manufacturer No. 2 is likewise a workman, employs a number of people, and sends away large quantities of work cut out. The larger part of his work is done by girls between the ages of 14 and 20 years, who receive weekly from $1.50 to $5. Those who work on machines get the pay of men, *i. e.*, $6 to $7. Constant labor at the sewing-machine, however, generally ends in giving them asthma.

The advantage accruing to this method of manufacture comes from working at one piece, or at similar work, wherein a much larger quantity can be rushed through than by single piece method; and as avarice lies at the bottom of the operation, every possible scientific means must be applied in order to wrench the utmost from the muscular and brain power of the employé; these people work cheaper on an average than other tailors, and their system is crowding the prices gradually down. The manufacturers of this second class generally live in New York and Newark, though they are also to be found in smaller numbers in Williamsburg and other places. For the most part those who possess houses are of this class.

POINT I.—Considering the question, then, from the first standpoint, we are not slow to conclude that the condition of the tailors throughout the entire State of New York is at a very low ebb.

POINT II.—In the second place, the influence of legislation on the labor market is well illustrated by the prevailing habit of sending convicts to prisons and houses of correction, where they are consigned to hard work. Their labor is jobbed out to contractors of this class of tailor work, and thus put in competition with honorable labor.

ATTENDANCE AT SCHOOL.—The privilege of schools is, as a general thing, advantageous for the children of the tailors, especially the free schools, which are maintained and conducted by the State. Unfortunately, however, the German language is not taught nor used there. This deficiency is partly made up by a large number of private schools. Another difficulty here presents itself, as a tuition of $1.50 to $2 per month is charged. This being generally beyond the means of the poor German people who labor at the tailoring trade, the privilege of schooling their children is almost entirely cut off.

POINT III—WAGES.—Let us consider the subject of wages, by taking individual cases from among our members; the shortest half of the work being represented by A.

A, with the assistance of his wife, finishes from four to six coats in a week, which yield him from 12 to 18 shillings apiece, working 82 hours each week. Reckoning 51 weeks in a year, he receives $450, of which $96 must be deducted for rent. The cost of living amounts at least to $260; fuel, $35; clothing, $25; besides washing-soaps and other household materials, doctor's bills, and drugs. He has two children to support.

B, with the help of his wife, makes eight coats per week, for which he is paid from 6 to 12 shillings apiece. His weekly wages are $7.50; annual income $382.50; annual outgoes for rent, $72; fuel, $35 to $40. Has six children to support. With such a miserable recompense and so great a responsibility, the poor man must suffer hopelessly a lifetime.

C, of class No. 3, makes coats for 30 cents to a dollar apiece. He earns, with the help of his wife, between $3 and $4 a week; pays $72 a year for rent; has five children to support. Added to these he seldom has work the year round.

D, with the help of his wife, makes 24 to 30 vests per week; he receives 4 to 5 shillings apiece for them; has an average wage of $10 per week, and perhaps only one child, and pays an annual rent of $85.

Vest-maker II makes vests at 20 to 37 cents apiece; has an average income of $8 with the help of his wife. Having a family of three children, he must pay at least $72 per year rent.

Vest-makers III, of class 3, consist mostly of women, who receive 12 to 20 cents apiece, and a weekly salary of $3 to $4.

The pantaloon-maker of the first class makes 24 pairs of pants, with his wife's help, for which he receives 4 to 6 shillings a pair, =$12 to $14 per week; pays $96 for rent, and has no children to support.

Class II makes pants at 25 to 37 cents a pair; with the aid of his wife finishes generally 35 to 40 pairs per week; receives a weekly average of $9, with expense for rent $72. Has four children.

Class III of pantaloon-makers consist mostly of women; each a sum of 9 to 18 cents a pair. With excessive labor she can earn $2 to $3 per week. It is to be observed here that during the winter season a large amount of this class of work is done by farmers' wives and daughters.

The wages of tailors who are unmarried or unassisted by their wives, are as follows:

Coat-makers of the first class:	
Yearly	$229 50
Weekly	4 50
Daily	75
Coat-makers, second class:	
Yearly	191 25
Weekly	3 75
Daily	62½
Coat-makers, third class:	
Yearly	127 50
Weekly	2 50
Daily	41⅔
Vest-makers, first class:	
Yearly	255 00
Weekly	5 00
Daily	83¾
Vest-makers, second class:	
Yearly	204 00
Weekly	4 00
Daily	66¼
Vest-makers, third class:	
Yearly	153 00
Weekly	3 00
Daily	50
Pantaloon-makers, first class:	
Yearly	306 00
Weekly	6 00
Daily	1 00
Pantaloon-makers, second class:	
Yearly	229 50
Weekly	4 50
Daily	75
Pantaloon-makers, third class:	
Yearly	153 00
Weekly	3 00
Daily	50

We advocate the following as legislative measures for improving our condition:

I. The enactment of an 8-hour law and strict punishment of all infractions.

II. Strict prohibition of children's labor under 14 years of age.

III. Complete and thorough prohibition of the tenement labor system.

ANDREAS EISENBLÄTTER,
Secretary.

NEW YORK CITY, *August* 26, 1878.

To the Congressional Labor Committee:

GENTLEMEN: I beg to submit a few words in relation to a branch of industry—gold-leaf manufacture—and following in the budget of grievance: The capital and labor are equal sufferers. The work may be classed skilled labor. There is a large amount

of mental and physical labor to produce a mechanical result from a given weight of gold, also a responsibility in the care of valuable tools and precious metal. The wages of workmen will average, at the present rates, about $1.18 for ten hours' work. One-fourth of the men are out of employment; the remainder average four days per week. The capital unemployed makes a corresponding result.

The question will be asked, why a dearth of labor in this particular trade? My answer must be, the article of gold leaf, however applied, comes under the head of luxury; hence it has gone into disuse in some cases, and a cheaper article has taken the place of gold leaf. Black-walnut frames displace gold; books are bound much plainer; business-signs are plainer; and in every finished article, where gold formerly gave luster to the work, now is used very sparingly, and in most cases the use of gold leaf is abandoned altogether. So that the exigency of the times has forced economy that practically wipes out gold-beating for the present.

Respectfully,

JAMES HADDON,
151 *East One hundred and twelfth street.*

NEW YORK, *August* 27, 1878.

GENTS: I see by the papers that you are desirous of having the views of any American mechanic as to the cause of depression of business in their several departments.

I represent a few thousand bookbinders in this country, on the *finer class of bookbinding*. We desire to show you that we labor under the disadvantage of having a great proportion of our work sent to Europe to be bound.

The cause is, simply, that all books published prior to 1857 are allowed here free of duty, and booksellers send from this country many thousands of dollars' worth of work to be done in Europe, particularly England. All subsequent publications, when bound, are charged only 25 per cent. duty, whereas the raw material is charged nearly double the amount. We consider this *wrong*, and should be altered. We ask for no advantages, only to be equal in our opportunities, and we can then retain all the work that is sent from here abroad in our own line of business.

Yours,

WM. H. REES.

Messrs. HEWITT and RICE.

NEW YORK, *August* 28, 1878.

DEAR SIR: I suggest to your committee that the statutes of limitation, among other things, have helped the people of this country to hard times, and that they are still likely to do so in the future, unless reformed. These statutes are solely in favor of the creditor and of capital; they oppose the debtor and the industrial and middle classes. The limitations are too long. A proper statute of limitation passed by Congress would be better than bankrupt and insolvent acts, and would be easily understood by the people.

These views are the result of many years' observation and careful thought.

Respectfully submitted.

JOHN B. PERRY.

Hon. ABRAM S. HEWITT,
Chairman Congressional Labor Committee.

NEW YORK, *August* 28, 1878.

DEAR SIR: I omitted to refer in my statements before your committee to the abuses and mismanagement in our consular system, and their injurious effect upon American shipping interests abroad. There is no one who knows better than yourself how the system is managed, for you have examined into it personally and have embodied your views in a speech delivered last winter which I had the pleasure of reading.

I would like to go on the record as confirming from my own experience the statements which you there made.

Very truly yours,

CHARLES H. MARSHALL.

Hon. ABRAM S. HEWITT.

DETROIT, *September* 2, 1878.

DEAR SIR: I have been reading the proceedings of your committee, but I could not see any account of where cigar-makers had anything to say in regard to their business and the reasons why cigar-makers did not rise to be bosses. If you will be kind enough to look over the laws governing cigar-makers you will find that a leaf dealer to sell

wholesale only has to pay $25 license, but if he wants to sell at retail, or break a package, he has to pay $500 license, and I would like to know how a cigar-maker with four or five children can save enough to buy a whole case of tobacco. I am foreman for C. P. Collins. I would not be if it was not for the law. I have tried to manufacture for four years, but could not succeed for the following reasons: To start with I needed one case of wrappers, one case of binders; wrappers cost $140, binders cost $60, license cost $10, government brand $3.50, government book $1.50; that is to start with—what a man must get. No leaf dealer can sell enough at retail to pay $500 license, so, therefore, he must sell at wholesale; then for every thousand cigars sold must pay $6 for stamps, cash; then must give three or four months' time to compete with large manufacturers. How much money must a cigar-maker have to start with for himself?

Well, we will say he makes 5,000 cigars a month, stamps	$30
He must live while working	25
One case of wrappers	140
One case of binders	60
One case of fillers	40
License $10, government stamp $3.50, government book $1.50	15
Total	310

Then he must get a bondsman that he won't defraud the government. To relieve the business of all that, there ought to be a law made to have all tobacco raised in this country put in bonded warehouses, the same as Havana tobacco, and before the wholesale dealer takes it out let him pay so much a pound on it, the same as Havana tobacco; that would relieve the poor working man so that he could get to be a boss, the same as before the war. Prices are about the same now as then. If your committee is in favor of the working man you will look into it, and by so doing you will save a great expense to the tax-payers in the form of revenue officers---won't need them then; it makes things look bad to see men have to work from 7 a. m. to 6 p. m. for $325 a year, and them revenue officers work with their heels on their desk from 9 a. m. till 12.30 p. m. and from 2 p. m. till 3 p. m., four hours and a half, for $1,500 a year; ought to do away with them. If you think it any use to look it up, all right; if not, all right. I merely write this to call your attention to it as a good old Jackson Democrat.

Yours respectfully,

PETER P. MILLER,
897 *Fourth street, Detroit, Mich.*

To Hon. A. S. HEWITT,
Chairman of Congressional Labor Committee.

NEW YORK, *September* 3, 1878.

DEAR SIR: Confirming my former communication, in which I promised you the statistics of the fluctuations in tea, I append the following statement of prices on a medium grade of Oolong tea, such as is most largely used by the laboring classes, and which will indicate the changes in price in different years perhaps better than a large number of different qualities, which would only confuse:

Retail prices of Oolong tea, medium grade.

	Per pound.		Per pound.
1860	$0 50	1870	$0 80 to $0 90
1861	50	1871	
1862	70. 5	1871	70 to 80
1863	90 to $1 00	1872	
1864	1 25 to 1 40	1872	
1865		1873	
1866		1874	60 to 70
1867		1875	
1868	90 to 1 00	1876	
1869		1877	
1870		1878	50

Wholesale price probably 25 per cent. less than the above prices.
Importers' price about 10 per cent. below the wholesale price.

Respectfully, &c.,

F. B. THURBER,
For H. K. & F. B. Thurber & Co.

Hon. A. S. HEWITT.

READING, PA., *September* 3, 1878.

SIR: Complying with your published request for information, I give you below a table of the average rates of wages paid for labor in this city, the retail prices of various articles of family consumption, and the rents of tenements from 1860 to 1878; also the selling prices of some of my own products from 1865 to 1878; followed by "Suggestions as to the causes of the present depression in business, and as to any special federal legislation required to relieve the same."

Average wages of labor per day of 10 hours, in Reading, Pa., from 1860 to 1878, inclusive.

Years.	Carpenters.	Masons.	Bricklayers.	Plasterers.	Machinists.	Blacksmiths.	Common labor.
1860	$1 00	$1 50	$1 50	$1 50	$1 50	$1 50	$0 80
1861	1 00	1 50	1 50	1 50	1 50	1 50	80
1862	1 25	1 50	1 50	1 50	1 50	1 50	80
1863	1 25	2 00	2 00	1 75	1 67	1 67	1 00
1864	1 50	2 25	2 25	2 25	2 00	2 00	1 25
1865	1 75	2 50	2 50	2 50	2 25	2 50	1 50
1866	2 00	2 50	2 50	2 75	2 50	2 50	1 50
1867	2 00	2 50	2 50	2 75	2 50	3 00	1 50
1868	1 80	2 75	2 75	2 75	2 25	2 70	2 00
1869	2 00	3 50	3 50	3 00	2 25	2 70	2 25
1870	1 90	2 50	3 50	2 75	2 25	2 70	2 00
1871	1 80	2 25	3 25	3 00	2 25	2 50	2 00
1872	1 80	2 75	2 75	3 00	2 25	2 50	2 00
1873	2 00	2 75	2 75	3 00	2 25	2 50	2 00
1874	1 80	2 75	2 75	2 75	2 25	2 25	1 75
1875	1 80	2 75	2 50	2 25	2 00	2 00	1 50
1876	1 60	1 50	2 25	2 00	1 80	2 00	1 25
1877	1 60	1 50	2 00	1 50	1 80	1 80	1 00
1878	1 25	1 25	1 50	1 25	1 50	1 75	90

Average retail prices of various articles of family consumption from 1860 to 1878.

Years.	Butter, per lb.	Cheese, per lb.	Milk, per qt.	Eggs, per doz.	Extra "C" sugar, per lb.	Tea, per lb.	Coffee, per lb.	Potatoes, per bush.	Rice, per lb.	Wheat flour, per lb.	Corn meal, per qt.	Fresh beef, per lb.	Fresh pork, per lb.	Fresh mutton, per lb.	Cured hams, per lb.
1860	$0 15	$0 15	$0 04	$0 18	$0 08	$0 80	$0 25	$0 50	$0 06	$0 03½	$0 05	$0 08	$0 05	$0 08	$0 14
1861	12½	13	04	13	08	1 00	27	1 00	08	03½	05	08	05	08	14
1862	16	18	04	14	09	95	24	65	09	03½	05	08	05	08	10
1863	20	14	06	20	09	80	36	90	09	04	05	08	05	08	10
1864	31	18	08	26	10½	80	40	85	12½	06	05	15	15	14	18½
1865	40	29	10	24	25	1 00	45	1 15	13	06	05	18	18	15	28
1866	42	25	10	29	12	1 25	38	96	13	06½	05	18	17	15	28
1867	30	22	10	30	11	1 10	36	1 20	15	06½	05	16	14	14	25
1868	41	25	10	30	15	1 20	35	1 80	15	06½	05	16	13	12	22
1869	39	27	10	24	18	1 50	32	1 34	13	05½	05	13	15	12	25
1870	33	25	10	29	14	1 54	40	85	11	04	05	14	15	15	25
1871	29	22	10	27	12	1 50	39	1 24	11	04½	05	15	14	15	20
1872	29	22	10	30	11	1 40	35	75	12	05	05	10	10	14	16
1873	30	22	10	28	12	1 40	35	1 32	12	05	05	13	09	12	14
1874	34	21	10	26	10	1 25	40	1 00	12	04½	05	12	09	12	14
1875	29	21	10	28	10	1 20	38	85	10	04	05	12	08	12	14
1876	31	20	10	28	09	1 10	36	50	12	03½	05	10	09	12	14
1877	26	16	08	22	09	1 00	34	1 75	10	03½	04	10	09	11	14
1878	18	12	06	18	08	80	32	70	10	03	04	10	06	11	10

Table showing the average yearly rent paid for tenement-houses in Reading from 1860 *to* 1878.

Years.	Two-story frame, four rooms.	Two-story brick and frame, five rooms.	Two-story brick, six rooms.	Three-story brick, eight and nine rooms.
1860	$48	$60	$96	$300
1861	48	60	96	300
1862	48	60	96	300
1863	60	75	120	300
1864	60	75	120	360
1865	75	108	150	360
1866	75	108	180	360
1867	75	120	180	360
1868	75	144	180	360
1869	75	144	180	360
1870	75	144	180	360
1871	75	144	180	360
1872	75	144	180	360
1873	60	144	180	360
1874	60	120	150	300
1875	60	120	150	300
1876	48	96	84	240
1877	48	96	84	240
1878	48	96	84	240

Average prices of bolts, nuts, washers, rivets, and refined bar iron in Reading from 1865 *to* 1878, *inclusive.*

Years.	Common sizes nuts.		Washers.	Refined bar iron.
	Square.	Hexagon.		
	Per lb.	*Per lb.*	*Per lb.*	
1865	$0 09	$0 13	$0 12	$0 05.8
1866	09	13	10	04.2
1867	08½	12½	10	04.2
1868	07½	11½	09¼	03.7
1869	07½	11½	09¼	03.7
1870	07	11	09	03.6
1871	05½	09	08½	03.4
1872	05½	09¼	07¾	03.9
1873	05½	09¼	07½	03.6
1874	04½	09	06½	02.9
1875	03½	08½	05½	02.6
1876	03½	06½	04¼	02.2
1877	02½	05	03¼	02
1878	02¼	04½	03¼	01.9

NOTE.—Bolts and rivets have declined nearly in the same proportion as refined iron.

CAUSES OF DEPRESSION.

I consider our war with the South as the primary cause of the present business depression. It is impossible to withdraw such vast quantities of material wealth and so many thousands of men from useful avocations in all sections of the country and employ them in destructive warfare for several years without seriously interfering with all kinds of industry.

This alone is sufficient to unsettle all kinds of labor and produce disorder in trade, commerce, manufactures, agriculture, and all industrial and financial affairs throughout the country. We have been and are to-day paying the cost of that gigantic struggle. It would be unwise for us as a people to ignore this fact, or fail to draw the appropriate lesson from it. The war occasioned an enormous demand for materials of all sorts, which the diminished labor and resources of the country could not easily supply; hence the markets became excitable and prices rapidly advanced. This ex-

citing condition was enhanced by failing confidence in the government to keep its promises to pay, and our paper currency declined in value as other things advanced. A morbid and unhealthy condition of business followed. Meantime, in order to supply the demand for goods, capital flowed into manufacturing and trading industries of all sorts; new inventions were sought out for saving labor, and improved appliances were brought into use; railroad and telegraph lines were constructed, and factories, furnaces, mills, shops, &c., were built and enlarged until the producing capacity became much greater than the consuming capacity of the country.

During this period labor found employment at high wages. But the time came (in 1873) when the markets were flooded with manufactured goods, prices began to decline, and, under the pressure of sharp competition, have continued to decline until the present depressed condition of all manufacturing industries has been reached.

We cannot expect a full return of prosperity in this direction until population grows up to the level of the manufacturing facilities of the country.

But with agriculture the situation was quite different. Here no corresponding development was made as in manufactures. The soldier returning from the war did not go back to the farm. He had formed a love of excitement and adventure that could not be satisfied in following the plow; and so in 1870 but few more acres were cultivated than in 1860. Consequently agricultural products have sold at high prices relatively to manufactured goods, and still bring high prices compared with the wages of common labor.

Trading was also overdone, and financial affairs were out of joint, and since the climax in 1873 was reached, the process of leveling down, or leveling up, as the case may be, has been a natural order of things; and we cannot expect a full return of prosperity in all departments of labor until all these great industries have become adjusted to each other and to the wants of society, and the values of things become settled and permanent.

The necessities of men here and there, and the working of natural laws, will in time bring this about. The way to make it worse is for men to organize and resist the inevitable decline of wages, encourage lawlessness and vagabondism, burn railroad and other property, declaim against capital and vote for an unlimited issue of greenbacks. Capitalists will then naturally lack confidence and invest their money in four per cents as a measure of safety.

But it may be stated in opposition to the theory that war has chiefly occasioned our troubles, that other countries have suffered at the same time similar depression in business where there has recently been no war. This is admitted, but it must be remembered that in every such instance enormous standing armies have been maintained in anticipation, or in fear, of war, which has been almost as burdensome to the people and destructive of confidence as a condition of war itself.

A *secondary* cause of the present disorders in business may be found in the development of machinery and mechanical appliances. The progress of invention, together with the construction and operation of a great variety of labor-saving machinery which within a few years have given us the steam-engine, the printing-press, the reaping-machine, the sewing-machine, and greatly improved a thousand processes, concurrent with the development of our gigantic systems of railroads and telepraphs whereby new channels of communication have been opened and new methods of business instituted, have contributed to revolutionize trade and commerce, crowd the markets with manufactured goods, and turn unskilled or common labor out of employment. Our civilization has taken such strides forward during this period, that society has scarcely had time to adjust itself to the rapidly changing condition of things. These improvements have amounted to innovations upon the slow methods of older times, and the natural result of so many important changes in our business life has been to produce a certain amount of disorder, and to throw things out of balance, relatively, one to another. We are stopping to take breath, look around us, measure our growth, and see where we stand. We must have time to find our places in society, where we shall be able to earn a living.

Improvements in machinery, however, can work no permanent injury to the laboring classes; they may create a *diversion* in labor, but the ultimate effect of all such improvements must be greatly beneficial to society in general.

We cannot live too well, nor too luxuriously, providing the means are at hand and we do no injury to ourselves or our neighbor.

Various other reasons have been advanced in explanation of the present depression, such as "stock and gold gambling," "excessive railroad building," "useless importations of finery," "extravagance in living," &c.; but all these were *consequences*, not *causes*. They were incidental to the excited condition of business and the inflated condition of property.

THE REMEDY.

The remedy for this condition of things does not lie to any considerable extent in legislation. Natural laws are sufficient to work out in time a solution of the problem.

But wise legislation in respect to certain things might hasten recovery. Thus, Congress should help provide channels of communication with foreign countries, by which the surplus products of our fields, forests, mines, and factories could be exported with economy, and in particular to encourage and foster the exportation of our surplus products by every legitimate and proper means. Agriculture should also be encouraged in all parts of the country. Having been less developed than trade and manufactures, it seems the most promising industry at present for a large class of people; in particular, the cultivation of those products that bring the largest profits, fruits, poultry, dairy products, &c.

Whatever contributes to restore a justifiable confidence in the stability of things, would be of benefit. Laws should be rigorously enforced, criminals punished, public affairs administered faithfully and economically, and the purity of the ballot-box guarded.

The tramp nuisance should be suppressed by uniform legislation, if possible, providing for the forcible employment of *all strolling vagabonds* in grading and improving the public roads. No legislation is wanted touching the hours of labor, but the right of all men to labor for such a number of hours daily, and for such compensation as they may agree to, should be guaranteed and protected wherever interfered with. Much legislation is disquieting, especially about financial affairs, the tariff, &c. Stability and permanency are what is wanted.

Some elements in the present situation are quite encouraging, and some are discouraging. Among the former are our hopeful national temperament; rich agricultural and mineral resources; our growing export trade; our increasing ability to compete with other nations in manufacturing goods, and the restoration of values nearly to a gold basis. Among the discouragements are the great burdens of debt borne by national, State, and municipal governments, corporations, firms, and individuals; an uneasy feeling about the stability of political affairs; too frequent elections; too widely extended an elective franchise, and the needless waste of the whisky and tobacco traffic.

Notwithstanding all these, there are promises of a healthier condition of things. But we need not expect the return of former times; nor is it desirable for the welfare of all sections that we should have a recurrence of unusual activity and high prices, any more than for a person in convalescence to wish the return of congestion and fever.

Let us have good courage, and "lift up our eyes unto the hills from whence cometh our help; our help cometh from the Lord."

Very respectfully,

J. H. STERNBERGH.

Hon. A. S. HEWITT, *Chairman, New York.*

INDUSTRIAL CRISES—THEIR CAUSES AND REMEDIES.

BY H. BOWLBY WILLSON.

49 WEST FORTY-EIGHTH STREET,
New York, September 16, 1878.

GENTLEMEN: I avail myself of your kind invitation to "communicate, in writing," my views relative to the subject-matter of your investigations.

1. This, I understand, is to ascertain the causes, as far as possible, of the present depression in the industries of the country, and to receive suggestions on the subject of remedies within the domain of legislation.

2. As a starting point, I admit the premises, namely, that the country has been passing through one of those periodic crises, in nearly all its industries, since the panic of September, 1873. But, at the same time, as a student of economic phenomena, I cannot admit that the causes which led to this panic differ materially from those of other similar experiences, of which a large number of business men and economic authorities, still living, are cognizant, and of others, recorded in the commercial history of the world, since the commencement of the present century. I also question the assumption of some who have testified before your committee, that the stagnation in business since 1873 has been greater than existed in 1835, 1837, and 1857; to which two latter periods my own personal reminiscences extend. Furthermore, I am of the opinion, founded on my own particular avocations, and a general knowledge of industrial pursuits, more particularly in Ohio, and other Western States, and in Canada, that the present crisis has nearly run its course, and that we are entering on a new era of prosperity. Entertaining these general views on the subject-matter of your inquiries, I feel bound to suggest that any remedies attempted by Congress should be general in their character, and be framed with the view to the prevention of future crises by removing or diminishing the intensity of their causes.

3. I have been engaged for a third of a century in what may be called railway business, as contractor and financier, and shall confine the facts I have to communicate chiefly to my own branch of industry. My first labors in this business were directed to the furthering the construction of railways in Canada and Michigan; and in 1851 I removed to London, where I devoted some years to raising British capital for railway construction, so that my experience has had a wide range. More recently, in 1872, I undertook the construction of a line in Ohio of considerable magnitude, only a small part of which is as yet completed, owing to the panic of 1873, and that part I built last year.

4. At the time I took the contract, in 1872, there prevailed throughout the country vast activity in the railway business. The annual construction of new lines had risen to no less than 7,000 miles. This unwonted and vast expansion of the railway business gave employment, directly and indirectly, in construction and providing rails and other materials and equipment, to not less than one million of men, representing a population of probably not less than four millions, who lived by this vast branch of industry. A superabundant paper currency had inflated all values, the market value of labor included. The capital expended was partly raised in many of the localities where the lines were located, and partly in Eastern cities and in Europe. New York, London, Paris, and Frankfort bankers reaped immense profits by "floating loans" on mortgage bonds for railways sometimes existing only on paper; and many of the "land-grant" projectors simply divided the proceeds among themselves, without building a mile of railway. In North Carolina there were seven lines which had been partly built by State grants, whose managers got the State to appropriate $16,000,000 more of its bonds, under the pretext of "completing the State railways"; and eleven millions of such bonds were brought to New York and were sold or hypothecated at from 30 to 60 per cent., and, with only one or two insignificant exceptions, the whole cash so raised was stolen. What took place in North Carolina was repeated, to a greater or lesser extent, in all the States under carpet-bag rule. According to a statement made by the late Horace Greeley, about one hundred millions of dollars of Southern States bonds were thus put on the market, and every dollar they were sold or pledged for was totally misapplied or stolen by governors, United States Senators, members of Congress, and other Federal and State officials.

5. What materially tended to intensify the general railway inflation were the large sums voted by Congress for subsidized national lines. These were called "Pacific railways," whether they ran North or South, East or West; and, as the government stood in the position of second-mortgage bondholder, the first-mortgage bonds were, in most cases, as good as government securities. Thus it happened that government furnished, in nearly all cases, the entire capital expended in the construction of some thousands of miles of railway, while the speculators, by means of *Credit Mobiliers* and other devices, realized out of the company's bonds and stock a clear profit exceeding the entire cost of these so-called "Pacific railways." It is easy to perceive how these vast national and State grants stimulated the building of other "unsubsidized" lines, and how the total expenditures inflated all other branches of industry. So long as prices, whether for labor, or materials, or food and clothing, lands and tenements, and securities continued to rise, everybody fancied they were growing rich. In 1869 I published in Washington, and circulated in Congressional circles, a pamphlet entitled "The Science of Money," in which I pointed out, concisely and clearly, what the inflation of the currency was leading to. I pointed out how the market value of labor and goods first felt the delusive influences of such a currency, and how lands and houses followed, and how their value would subside when the bubble burst; but no one then heeded such information. I allude to this brochure, because the remedies for future crises must be founded on a radical change in our system of banking and the methods of issuing currency, wherein the incipient causes of crises have their origin.

6. Though railways stood most prominently forward in the list of causes leading to the panic of 1873, and the stagnation that has since existed, all other industries partook of the intoxicating draughts administered by the national and other banks, and the government itself, and the "carpet-bag" State administrations. To illustrate the effect on the cost of railways and the wages of railway "navvies," I must return to my efforts to construct the line in Ohio in 1872. Prior to the overissue of national-bank notes, after the establishment of that system in 1864, the rate paid for skilled labor, on railways, was about $1 a day, or $26 a month; and the price of iron rails, in Ohio, was about $40 a ton. The price of laborers' board, before the war, was about $2 a week. In 1872 similar labor was $2 to $2.25 a day; board, $4 to $5 a week; iron rails, $80 a ton; and all other materials, including engines, cars, &c., in proportion. I now come down to present prices. Last year I paid $1 to $1.15 for "navvy" labor; for board, $3 to $3.50 a week; $35 a ton for iron rails at mills; and now I have offers of labor at 80 cents to $1 a day, or $20 to $26 a month; board at $2.50 to $3 a week, and boots and clothing at ante-war prices; and iron rails, for cash, at mills in Ohio, per ton of 2,240 pounds, $33.

7. The cost of railways, like the cost of houses in cities, was more than double, during the period of inflation, what they can now be built for. Leaving the "watering" process out of sight, a standard-gauge line cost about $25,000 a mile in Ohio to build and equip during those days of greatest inflation; and the speculators, bankers, managers, and promoters added $25,000 per mile more, and, in some cases, $35,000, for their profits. Now, I can build an average standard-gauge line in Ohio, or almost any Western State, for from $8,000 to $10,000 a mile cash, including all materials, but ex equipment. But it is more difficult to raise $10,000 a mile now than it was then to raise $25,000. Good substantial narrow-gauge lines over an average of Ohio country, laid with 35-pound iron rails, can at present be built, ballasted, and fenced for from $6,000 to $7,500 per mile.

8. These facts are both interesting and instructive, as bearing on one of the largest branches of our industry. Our railway system is less than half completed. The people perceive that by putting their own means into cheap narrow-gauge railroads, they can make them pay. Hence there is in the West quite a revival in the construction of these cheap lines, hereafter destined to take the place of common highways, to a large extent, which will serve as feeders to the old standard-gauge, highly-watered trunk lines. Let me here suggest to your committee the desirability of constituting a national railway department after the model of the British Board of Trade, but with more comprehensive powers. If there is no warrant for such a board in the organic laws of the nation, then let Congress take measures to amend those laws. The civilization and prosperity of nations are in the ratio of their facilities for transporting persons and property. The National Legislature is less likely to abuse such powers than State legislatures, whose members are "bought and sold like sheep in the shambles," by speculators and capitalists, for money and interests in public undertakings. We know from unquestioned testimony, before a Senate committee in this State, that over one and a half million dollars were expended by two great railway companies to influence legislation in a single session. Members of Congress will hardly again become members of Credit Mobilier companies. But it is quite easy to so construct the suggested railway department as to keep it "like Cæsar's wife—above suspicion."

9. It will be recognized as a great, if not a self-evident truth, that when we have been able to state authoritatively the causes and effects of our financial crisis, with its long chain of disasters, the wreck of industries, and the general social ruin attendant thereon, we have only been illustrating a class of evils resulting either from bad legislation or the imperfections of human society. But here I raise the question, are not these imperfections the result of laws made to override the natural laws? Those who have read the debates in the British Houses of Parliament, and of Congress, since the consideration of the famous Bullion Report, in 1810, on the recurrence of each of the great industrial crises, must have arrived at the conclusion I have, that each and all of them have had a common origin. It may be laid down as an immutable law of nature that "like causes produce like effects." Let those who have not the time to wade through immense volumes of Parliamentary and Congressional debates, at least read the writings and speeches of Jefferson and Madison, Hamilton, Calhoun, Webster, and Benton, the master minds of past generations, and especially of the three last, between 1815 and 1838, and they will perceive most clearly that these crises are due to banks of issue and discount. This conclusion will greatly narrow the limits of investigation on the part of your committee.

10. I lay it down as a fundamental principle that a theory or a fact demonstrated by mathematics or by the science of logic is more reliable, more to be depended on, as the basis of legislation, or, if you like, as an accepted doctrine in political science, than the assumptions of empiricism. Empirical reasoning is generally drawn from each man's personal experiences. The statesman or the legislator who frames his laws on the theories of "practical men," is pretty certain to find himself in the position of the old man with his boy and the ass, in the fable—of trying to please everybody. But no better illustration can be given than that presented by the numerous nostrums recommended by a large number of "labor reformers" and others, to your committee, for remedying the present stagnation in business. No two agree; and it is not doing violence to truth to say that four-fifths of these nostrums are the veriest nonsense.

11. Statistical facts are valuable only so far as they serve to establish logical deductions from known causes, or to illustrate fundamental principles. I have felt it necessary to lay down these general propositions, because I wish to bring this question to the test of close logical reasoning. Turning to the great panic of 1837, we find that "on January 1, 1837" (I quote Mr. Spaulding's Centennial address to the Bankers' Association), "the bank circulation of the country, according to the Treasury reports, was $149,000,000. By January 1, 1843, it was reduced to $58,000,000; a ruinous fall of prices was the consequence." Going back, Mr. Spaulding tells us, "in the seven years, from 1830 to 1837, no less than 304 new banks sprang into existence, with a nominal capital of $145,000,000, and $59,000,000 of additional circulation. * * * The loans increased from $200,000,000 to $525,000,000."

12. Then came the great collapse in a time of profound peace. There had been no de-

vastating civil war, no waste of labor or capital applied to destruction instead of production, and not until the lapse of five years did the country show signs of recovery from its agony. In 1843, Charles Dickens, writing from Ohio to his friend John Forster, says, "There is no money, absolutely no money in the country." He found the newspapers filled with advertisements offering goods in exchange in the manner supposed to have been done in the ruder periods of society. Trade was once more conducted by barter. Men gave their labor for boots, shoes, clothing, and food. At the present time men are to be had by tens of thousands, payable in food, clothing, and lodging, because there is no capital, *not money*, for there is plenty of that, to pay them, or, at least, none that is available. Mr. Spaulding observes of the panic of 1857, "This crisis, like the revulsion of 1837, was caused by too great an expansion of credit. Debt in all forms became excessive. The railway system had become largely extended upon borrowed capital. There had been excessive importations of foreign goods. The banks loaned too much of their funds on stocks, bonds, and other securities that could not be readily converted into money to meet checks of depositors."

13. When we read the descriptions of things as they existed just prior to 1837 and 1857, and compare them with that of 1873, it sounds "like an oft-told tale." The national government, after filling all the channels of circulation with an irredeemable paper issue, added during the closing year of the war, *by the creation of the national-bank system, about* $150,000,000 *to the then existing bank and Treasury circulations*, and based the whole bank issue on public securities instead of metal. To cap the climax of folly, after Mr. McCulloch had taken out of circulation $44,000,000 of national notes issued direct to the public, instead of those loaned to the banks, a new issue of $54,000,000 was authorized to be made to and through the banks, in 1871, under the absurd pretext of "equalizing the currency."

14. Thus it will be seen Congress, by a law for which there is no warrant in the Constitution, authorizes the lending of the national credit in the form of "national currency," at 1 per cent. per annum, to banks, which again lend it to the public at 7, 8, 9, or 10 per cent., according to the rate allowed and prevailing in the several States. The issue of paper money on government securities, as in the case of the Bank of England, as to £15,000,000, and of the national banks, or on no securities at all, is a fundamental error in monetary economy. Paper money, scientifically regarded, is simply a substitute for, and a more convenient tool than metallic money, on which it should always rest, and like metallic money, most clearly, should be issued by a department of state, and its volume can only be regulated by supply and demand.

15. When left to the discretion of banks, governed by the strong motive of self-interest and profit, there is ever a tendency to overissues and inflation. Lord Overstone, an able writer and close and accurate observer, says: "It is now discovered there is a liability to overissues of paper money, while that money is convertible at will." Mr. J. R. McCulloch, in his notes to the "Wealth of Nations," says: "The widest experience proves that no man or set of men ever had the power to make inconvertible issues of paper money without abusing it—that is, without issuing it in inordinate quantities. * * * The re-enactment of the restriction on cash payments at the Bank of England, and the rendering it perpetual, would have no perceptible effect on the value of bank notes, provided their quantity were not at the same time increased. *But there cannot be a doubt that under such circumstances it would be increased.*"

16. Daniel Webster, like Lord Overstone, said: "Even convertibility is no guarantee against overissues." He was speaking of banks and the causes of crises when he made this remark. The New York Times, the most inflexible advocate of the present time of banks of issue, in its leader of the 20th September, fully concedes this historical fact.* As I have before observed, the true scientific method of regarding paper money is in the light of a more convenient tool than metallic money, and, *as the public has to pay the full face value for the notes they require, its issue should be removed wholly from being the subject matter of profit to private or public issuers.* Except as to the issue of the Bank of England of, at present, £15,000,000 sterling on securities, the issue of the bank is a state issue, and the notes are all bought and paid for by the public or bankers for use in their business at and for their face value in gold coin or bullion. The issue on securities is a violation of the highest fundamental principle of monetary science, which demands a paper currency founded on the metal most stable in its market value in comparison with other suitable metals.

* The Times remarks as follows: "One fact which goes further than any other in explaining the present situation is that there has never been any long time within the last half century when the whole country had a sound currency, that is, a currency of coin, or of paper convertible and habitually converted into coin. For the last seventeen years there has been no such currency whatever. Preceding the outbreak of the war by only between three and four years came the 'crash' of 1857, which was accompanied by a suspension of specie payments, and which had been caused by an enormous inflation of credit, including that most insiduous and dangerous form of credit, bank-notes. And before this period, back to the recovery of the country from the war of 1812, there was scarcely a year when banking was not, on the whole, irregular, when a large quantity of notes were not in circulation without the specie to back them, or when the country was favored with a thoroughly sound and prudent management of its money affairs."

17. This principle may be thus postulated: "That which is made by law the measure of all other values, including that of labor, should be of the highest known stability in its own market value, among the metals suitable for coinage."

18. The issue of notes on securities may be regarded as a plan whereby a small class of capitalists are enabled to own or possess themselves of a profitable investment, and at the same time to have 90 per cent. of its face value in money. I hold that Congress has no power under the Constitution to grant such a privilege to a small class of favored investors in government bonds to the exclusion of all other members of the community. The plan of lending the public credit to national banks in the form of "national currency," for which the government acts as trustee—no odds how good the security given may be—is a violation of that great principle of human equality set forth in the Declaration of Independence, which should stand like a second Magna Charta, a bulwark against injustice and oppression, "All men are born free and equal." If there is any sense, any truth in this proposition, Congress continually violates it by making laws in favor of classes—laws which make the laboring majority "the hewers of wood and drawers of water" to a favored few. These are high moral and political considerations, coming within the scope of your inquiries, gentlemen of the committee on labor, and their bearing and relevancy to the present and future of our industries cannot be overlooked. I therefore quote as appropriate the postulate formulated by Daniel Webster, as indicative of a sound method of providing a paper currency, now an indispensable necessity to the industrial world.

19. "It is," said the illustrious Massachusetts statesman, "the constitutional duty of government to see that a proper currency, suitable to the circumstances of the times, and to the wants of trade and business, as well as to the payment of the debts due to the government, be maintained and preserved; a currency of general credit, and capable of aiding the operations of government, so far as these operations may be conducted by means of the circulating medium; and that these are duties, therefore, devolving on Congress, in relation to currency, beyond the mere regulation of the gold and silver coins."

20. I have shown what constitutes "a proper currency," namely, a currency issued by a national department, to all comers, for gold. I have shown that bankers cannot on any pretext be allowed to trade and speculate on such issues at the expense of the whole people, besides, and to the injury of non-issuing banks, which conduct a large amount of the legitimate business of the country.

21. Before proceeding to point out other causes of inflation, arising from bad banking, I respectfully suggest, as the next step towards the prevention of the ascertained causes of crises, that your committee consider the plan I have briefly outlined, of constituting a national issue department, independent of Treasury and political party influences. We have already an excellent working-model in the national issue office and Comptroller's Department, which have always been honestly and ably managed. But such a department should not be under the influence and control of the Minister of Finance, and should be restricted to the issue and sale of notes for gold, after the manner of the Bank of Amsterdam.

There is a substantial distinction between currency and finance. The one is a *tool* of industry, the other a *process* or *method* of conducting the business affairs of nations, states, corporations, and individuals. The temptation to use the *issue* of paper money to create resources must sooner or later be wholly removed from the thoughts and purposes of those who manage the business affairs of nations and banks. If, after ample experience, the managers of the issue department find themselves possessed of a larger supply of metal than is needful to insure the convertibility of the national notes, beyond peradventure, they should have power to invest such surplus in public securities bearing interest, and to reissue the same, or new ones in their place, for temporary purposes in case of any unforeseen emergency demanding the purchase of gold to maintain specie payments. To put such a system into operation would require time and the best practical and theoretical knowledge of the country and the trained skill of those already in the employ of the Treasury issue department. The currency question has, next to slavery, been the most agitated and discussed of any of the great national issues, and is now by far the most prominent before the people. Hence, regarding it as I do as one of the leading elements involved in industrial crises, I hope I shall be excused for the prominence I am giving it in this communication. The time is, I trust and believe, at hand when it will be divested of all fundamental errors and the passion that enters into public discussion whenever it is mentioned. The moment the nation cuts loose from all connection with banks of issue, as such, the inflation dogmas will yield to common sense. The opinion gains ground that the issue must be made by the nation and for the nation's benefit, and not for the special profit of a mere handful of bankers.

22. I have here to remark on an important example to show how much a well-regulated note issue has to do in averting inflations leading to crises. France has been especially free from these "financial cyclones" for half a century, under the issue of notes by the Bank of France. During the great panic of 1857, when the Bank of

England nominally suspended under an authorization of the government, and made a wreck of a vast number of business houses by running up the rate, there was scarcely a ripple produced on French financial waters. There was no run on French bankers, and the general industries remained undisturbed. That and other examples show the difference between a single issuer, and two thousand competing national banks, in 1873.

23. It has been testified before your committee, truly, that crises are developed under circumstances showing that other causes than inconvertible paper currency have produced them. I now propose to point out what are these causes.* Mr. Spaulding, in one of the quotations I have made from his Centennial address, states the fact that, "In seven years from January 1, 1830, to January 1, 1837, the loans [of the banks] increased from $200,000,000 to $525,000,000." When we come to analyze the operations of a bank of discount, we reach a great fundamental truth, of supreme importance in monetary economy, namely, that by far the larger proportion of bank discounts rests on goods in course of production and distribution. I have put this important truth in the form of a postulate, as follows:

24. "Commodities, in course of production and transmission from producers to consumers, or ultimate purchasers, represented by bills of exchange, bills of lading, warehousemen's receipts, bank credits, checks, and other devices invented by bankers and merchants to facilitate the transference of debts and credits, constitute the bulk of floating capital dealt in in the loan, improperly called the 'money' market."*

25. I will give another postulated truth, which, together with the foregoing, will cover the whole business capital dealt in by a banker, beyond his own trading margin: "Floating capital, or 'trading power' other than that specified in the last postulate, consists of money, the savings of industry, and the surplus income of capital, not yet invested in more permanent things, or in lands, houses, factories, steam and other vessels, or in the shares of steamships and railways and all manner of continuing undertakings, which perpetuate themselves, when prudently managed, or in things not destroyed in use."

26. It must, in order to reach a clear comprehension of the power of banks for inflating the industrial pursuits of the people, be borne in mind that a large part of the latter description of capital is held on deposit by bankers, and is loaned, along with the "proceeds" of bills representing goods. It must also be kept in view that the proceeds of discounted bills are entered in bankers' ledgers as "deposits," and are not distinguishable in the published accounts from other, or what are called "cash deposits." I suggest that such a distinction should be required by law. It is true an estimate can be made by comparing the "discounts" and "deposits," but what I suggest is, that the facts shall be made apparent on the face of the statements, so that we can detect where and when business inflation begins, and how it fluctuates. I have now demonstrated that inflation is caused by excessive issues of paper money and excessive discounts. Q. E. D.

27. It will be seen how the magic power of the banker turns goods into "trading power," or floating capital, from the moment the raw material is ready for the market until it passes through the hands of the various dealers and manufacturers, and finally reaches those of the numerous distributing agents or retail dealers. Each, in turn, gives a bill to his predecessor in ownership, in the chain of transfers; and each, in turn, takes such bill to his bank, to be turned into trading power, to which category belongs money, but which forms only an insignificant three or four per cent. of the vast pool of trading power or floating capital. It therefore happens that the same bale of goods is represented several times in the loan market before it reaches the final distributer—the retail merchant.

28. Again, it very commonly happens, when inflation has set in, that the same bale of goods or cargo passes through several hands in a few days or weeks, while in transit or in warehouse, each seller realizing a profit on a rising market; and, in regular and not purely speculative transactions, each buyer giving his bill in payment, to be passed through the "discount mill" and turned into trading power. Thus the sum total of trading power becomes enormously expanded. The market value of the same products is represented several times in the loan market, and as about 95 per cent. of the "operators" in these industrial pursuits "trade" on margins of only about 10 per cent., it is perfectly obvious how a panic, stopping the sale of goods and the

* As this postulate embraces a most important fundamental truth, I take the liberty of quoting an extract from a letter I received in the winter of 1875–76 on the method I have adopted for stating in a concise and striking manner leading principles of monetary economy, from the pen of an able writer on economic science, Prof. Bonamy Price, of Oxford. The professor says: "So many thanks for your letter in the American Times. It is exceedingly good, and I rejoice over it much, especially the postulates and principles. The '(35th in my forthcoming work)' is capital. I had the thought, but not definitely and vividly expressed. The meaning jumps on the reader and masters him, and it is most true."

"discount mills" all over the country, wipe out, as with a sponge, all the weaker operators "for a rise," and numerous others who have been imprudent in the matter of giving credit.

This is a true and in no degree exaggerated description of what happened between the years 1830 and 1837, when the loans of discount banks, which were mostly banks of issue, rose from $200,000,000 to $525,000,000, to say nothing of the increase of paper money, which went out through the discounts. It is what happened during the seven years immediately preceding each of the panics of 1857 and 1873; and these panics, and the succeeding crises, and all others like them, are perfectly natural consequences, resulting from excessive bank speculation; and we are just now commencing another era of similar inflation, to be followed, sooner or later, by another panic, and another long and agonizing period of stagnation. Congress, in its ignorance—I am afraid to say "wisdom," for that would be what Mark Twain calls "sarkasm"—has passed an act to provide for the "resumption of specie payments, and for the establishment of free banking," the effect of which, if it remains unrepealed, must be to work enormous evils in our industrial system; to some of which I must now direct your attention.

30. This law authorizes the use of the whole of the outstanding national securities, bearing interest, and amounting to over one thousand eight hundred million dollars, as the basis of issues of paper money to banking associations. This is called "free banking," as if the issue of notes formed any part of the legitimate business of banking—which it most certainly does not. No educated economist will claim that the issue of paper money is a legitimate part of a banker's business. In England about 80 per cent. of all banking, and in France all but that conducted by the Bank of France, is conducted by banks that issue no notes at all; and even in this country, according to Mr. Spaulding, the non-issuing banks outnumber those issuing paper money more than two to one. See Centennial address, last page. This so-called "resumption act," over which there is such a fuss and such a partisan fight just now, is simply a premium offered by the government for the expansion of bank capital, and bank-notes—of which there is already a large excess beyond legitimate business demands. In this city and in other Northern and Eastern cities we see the price of capital ranging from one and a half to two or three per cent. per annum, which is the one unwholesome symptom of deranged industries, standing most prominently forward in the category. Who can doubt that this is not largely due to the excess of banking capital, drawn from other industries by government bonuses paid in "national currency," and to discounts or loans made on stock-exchange securities instead of on bills founded on goods?

31. The principle of free banking, like the principle of free trades, is logically correct; but the principle of a free, and all but unlimited, issue of paper money on securities is fundamentally wrong. If such issues are restricted to one class, then the Government violates the clear intent of the Constitution. It is the most obnoxious of all class subsidies. It is the payment of a large bounty on banking capital, and, though a few banks have returned a part of the bounty and withdrawn their securities, for want of employment for their share of the "national currency," it is only a question of time—a few months, or a year or two—when new demands will again arise, which will render specie payments impossible, and will lead to a vast and wide-spread speculation, founded on a new era of bank inflation. One of the evils, and it is no mean one, from which the country now suffers is the withdrawal of business capital from thousands of small and great industries and occupations for the establishment of national banks. The idea of turning one dollar into a dollar ninety, by a stroke of the pen, is very fascinating.

32. The very statement of the facts, and the logical conclusions I have made in this communication, should sufficiently explain the causes of the crisis from which we are just emerging, as well as suggest the remedy for the evils that will surely result from future similar crises. I wish, however, to trespass still further on your time and patience, by offering a few brief general observations explanatory of the operations of the natural laws of industry. The effect of the expansion of bank credits, in the manner I have pointed out, is to stimulate to overproduction of goods, which presently leads to a glut in the markets and a fall of prices. There then happens the reverse of what took place when values and prices were going up. Then the wages of labor rose, and the competition among buyers was brisker than among sellers, and everybody fancied they were growing rich, and an era of reckless extravagance set in. Ignorant folly strutted forth in all its short-lived grandeur and laborers squandered their abundant earnings. Now, however, after the panic has come, and the sources of capital, largely fictitious, drawn from bills discounted, are dried up, there are more sellers than buyers of goods and houses, and the painful process of a reduction of the luxury of living and in the wages of labor simultaneously begins. Cheap goods necessitate cheap labor, and thousands of laborers are turned adrift, and an army of so-called "tramps" is the result. Men, as a rule, prefer work to begging, or stealing, or, as it is now called, "tramping." But there are certain skilled workmen who can

only be retained by the employers of labor on reduced wages, and who come before your committee to tell their wrongs. They demand that Congress shall do something—they don't very clearly know what—to relieve them of the evils they complain of. But I need not comment on their theories. As a rule, they are not philosophers or economists. What they fail to see is that, when the products of labor become cheap, their reduced price enables the laborer to sell his labor cheaper, because he is a consumer as well as a producer. In a word, cheap goods make cheap labor, and cheap labor reacts on the market value of goods until bottom is touched, until equilibrium is established by supply and demand. These are natural compensations which the legislature cannot effect.

33. Now, what Congress *can* do is to set to work, faithfully, earnestly, patiently, and honestly, to undo all legislation, repeal all statutes it has passed from the beginning, which assume to control or which infringe the natural laws, which are as certainly the laws of God as any we know of. This work must, of course, be slow. Congress, acting on the erroneous theory that it can make better laws than the great natural Lawgiver, has piled up a vast mass of statutory laws, specially intended to change the natural order of things in the industrial world. If there ever existed a time when "all men were born free and equal," it must have antedated the existence of Congress, for nearly all its efforts seem to have been directed to have men born unequal. The evils of class legislation are very old, and cannot be eradicated by the stroke of a pen without causing great suffering. They cling to society like barnacles to the ship's bottom, but cannot, like barnacles, be snddenly removed without injury to the social ship. The country has prospered in spite of bad, and not because of good, industrial legislation.

34. The theory that the legislature should frame and enact laws to direct all industrial pursuits in particular channels is not only fundamentally wrong, but has been the greatest hinderance to the development of national wealth. The true theory of all industries is the utmost freedom of individual action to act and to do, to buy and sell, to select and follow, on the part of every citizen, as to him or her seemeth best, any pursuit, just as each and all may be inclined, without infringing each other's rights. These propositions may be postulated as follows: "All obstructions placed on individual rights, in respect to what people shall do or produce with their capital and labor, or where they shall buy or sell, are direct infringements of the natural rights of man and the laws of nature; and are injurious to society just to the extent to which such interferences can be made effectual."

35. The last great error committed by Congress, inspired by a wide-spread popular delusion, and calculated to injure industrial pursuits, was the passage of the so-called law for the "remonetization of silver." This law is a palpable infringement of the laws of trade. It is an attempt to regulate the market value between gold and silver—two commodities—one of which is known to be very much more stable in its market value than the other. Its effect, if it remains unrepealed, will be perfectly obvious. The silver dollar, which has been overvalued, and made legal tender when a certain amount shall be coined and circulated, will certainly drive the gold coin purchased for two hundred millions of interest-bearing bonds out of circulation, if the people will consent to accept such an inconvenient and fluctuating standard of value. There was no excuse for passing this law, for everybody notoriously prefers, for convenience, the "greenback" dollar, and the capital invested in such "clipt coins" must shrink to the market value of silver bullion, and chiefly will the loss fall on the working class, who always suffer most by a fluctuating currency, and who are expected to buy these dollars in exchange for their labor at the gold price. It is, therefore, to be hoped that your committee will recommend the immediate repeal of the silver act.

36. There is a monstrous delusion prevailing throughout the country at the present time, and outcropping strongly in Congress, on the subject of paper money, to which, I presume, your committee will direct its attention. It is dogmatically asserted that "there is not enough paper money to do the business of the country;" and many men of influence go so far as to propose to pay off the whole interest-bearing debt by the issue of paper money by the government. This idea, no doubt, originated out of the opposite, equally erroneous, theory—now the law of the land—which proposes to use the whole national debt as a basis for issuing national currency to national banks. If those who cling to these delusions will exercise only a moderate amount of reasoning power, they cannot fail to see the serious errors they are teaching the people, who cannot, as a rule, acquire a correct scientific knowledge of monetary economy. I have shown that the trading capital used in our industries consists of about four or five per cent. only of money, 15 per cent. of capital saved from the profits of labor and excess of income over outgo existing in the form of bankers' deposits, and some 80 per cent. of trading power advanced by bankers on securities given for goods in course of production and distribution to consumers, all of which descriptions of trading capital are made available by the omnipotent power of the check. Money being a wholly unproductive form of investment, while other descriptions, as a rule, yield a profit, no good business man will keep his capital invested in it an hour beyond the time when he can find what he

thinks will yield a return. It thus happens that no more money can be kept in circulation than what is needed for daily uses. Money, in fact, is hardly used at all in the large industries of the country. Its uses are, nevertheless, numerous, and it is indispensable within the limits of those uses. One of these is the service it performs as a measure of the market value of all things having market value.

37. It will have been seen from what I have stated that after a period of inflation, resulting from excessive bank credits (discounts), accompanied by a rise in the prices of labor and its productions, there comes a period of contraction, resulting from the annihilation of numerous trading margins of capital and a large diminution in the number and amount of bills, attended by low prices and a scarcity of trading capital. It, therefore, logically follows that it is not more money, but more credit capital, or bills, that is needed. It is also clear that in times of crises less, and not more, money is demanded, or can be held in active circulation, than in times of expansion. If there is free coinage of all metal offered to the government, and the government has a monopoly of the paper issue as it has of the coin issue and as the Bank of France has, those who have bullion for sale, as a rule, will prefer to accept paper in payment, as they do in France and England. Hence, under such a system, there will always be exactly as much money, paper and metallic, in circulation *as the people, who always pay full price for it, demand.* Here we have a self-acting process, or a process kept in motion by the great natural law of supply and demand. If there is too little money at any time, its market value will rise above the market value of bullion and the bullion will come to the mint; if too much, coinage will stop. This reasoning, which seems to me as demonstrable as geometry, will show how very unsafe it is to delegate to an infinity of banking associations the prerogative of the state to issue paper money, convertible or inconvertible.

38. Much of the delusion prevailing among the people no doubt arises from the not discriminating between money as money and other kinds of capital. Writers on economic science, such as the late Mr. Bagehot, author of "Lombard Street," political speakers, and merchants and bankers, continually confound the two terms. They speak of the "money market" when they mean the "loan market." They talk of "cheap" and "dear money" instead of cheap and dear capital, and so the uneducated public come to demand "more money," when there is already an excess locked up in the vaults of the banks, which the people refuse to buy.

39. As the British monetary system has many admirers, I wish to point out some very serious defects in its workings, to which are due the extreme sensitiveness of British financial business. This sensitiveness arises from the policy of the Bank of England, in using its large capital and influence to control the trade in bullion and rule the rate of discount. Instead of quietly *following* or keeping *in* the market, it directs its efforts to operate against the natural law of supply and demand. It will readily be seen that, if its trading reserve consisted of coin or legal-tender notes issued by the state, convertible into gold on demand, and the bank ceased to be a dealer in bullion, except to make loans on it, as on other commodities, this sensitiveness which it imparts to all industries would cease, because the managers would no longer have a motive to act on the price of capital. They would have no more interest in the fluctuations of the bullion market than in those of the corn, cotton, or cheese markets, or other commodities on which they make advances. It is no uncommon thing to see the Bank of England rate from a half to two per cent. above the market rate. The effect on the general industries is very injurious. So far as the bank can affect or counteract the law of supply and demand by its mere fiat, it is the same as a tax set on labor and its products, which tax is raised or lowered by the arbitrary will of a despot, and it is claimed by high authorities that the bank exercises this power in order to profit by its effects. Whenever there is a considerable rise in the bank rate, securities in which the bank is a large dealer fall, and the managers become heavy purchasers. The rate is then run down extremely low and up go prices, and the bank "unloads." I hope your committee will not think I am confounding the practices of Wall and Broad Streets of a few years ago with those of Threadneedle Street of to-day, when I am only relating what Oxford economists and others of high repute in financial and economic circles have publicly stated.

40. My communication has grown so long that I fear I am overrunning the space your committee will have to give to such papers. I must, however, direct your attention to the serious evils arising from "protecting" some branches of industry at the expense of others, aside from the bonus offered for attracting an undue amount of capital to the business of banking, where the practice is most sensibly and injuriously felt. If protection has any effect at all, it must be to attract capital and labor away from *unprotected* to *protected* industries. So far, then, as this result is accomplished, the unprotected industries are depleted of their main elements of success and are allowed to languish. When the inevitable day of over-production arrives in these protected branches, there is a destruction of the capital which protection has drawn from its natural channels, and the laborer is sent abroad as "a tramp," or to seek other kinds of occupation. Thus the efforts of Congress to override the natural laws

of industry lead directly to crises and the general derangement of the social and industrial systems. To be consistent, Congress should either protect every industry equally or leave them all alike free, to be regulated by the natural laws.

41. But it may be argued that "free-trade" England has its panics and its crises, as well as "protected" America. Quite true she has, and for the same reasons. America, her natural customer, whose breadstuffs and cotton she requires, refuses to exchange with her a large part of the products of her labor and capital. England has, also, as I have shown, an artificially and badly regulated monetary and financial system, of which the Bank of England is the center or focus, a bank that persists in treating its own share of the note issue, founded on securities instead of cash, as good cash reserve, and has a traditional board of managers, who, because they can take these notes to the issue department and buy gold with them, fail to perceive the difference between cash and credit. This is the natural consequence of banks investing all their paid-up capital in national securities, and relying on borrowed capital for a trading margin. I wish your committee to make a note of this important fact, for it cuts the ground from under two thousand national banks, as well as of the Bank of England. If the plan is good in banking, why not extend it to all industries—the manufacturers of engines, cars, and rails, for instance?

42. I have omitted to meet a plausible, but most unfounded pretext, set up by some bank doctrinaires, in favor of banks of issue, until now. It is that a paper currency, issued by the state, "is not a proper commercial currency," because, forsooth, "it does not grow out of industry and production." See Mr. Spaulding's Centennial Address, page 57. The Times, of this city, lately asserted, that, as paper money naturally grows out of commercial transactions, only banks can keep the supply exactly equal to the demand. The utter absurdity of such assertion—reasoning it cannot be called—appears from the self-evident proposition that paper money, convertible into metal, which is the only sound paper currency, rests on the metal, and, as those who use it in commercial or other business, pay the same price for it as they pay for metallic money, it follows as a logical demonstration that a State issue is just as much a commercial currency as metal itself. Banks are not the deputies, by divine right, to regulate supply and demand. The wants of the people, who prefer good paper money to coin, and especially to the short-weighted silver dollar, determine the supply of the more convenient tool, and not banks at all. The quantity and amount of trading power, resulting from bills, are more within the control of banks than money which they receive on deposit and keep on hand to accommodate customers. Bills of exchange certainly do "grow out of industry and production," but money, metallic or paper, never.

43. I earnestly hope your committee will see the impropriety of Congress attempting to regulate the hours or the wages or price of the products of labor, all of which belong to the same category. Finally, as far as the present depression in business is concerned, Congress should not, in my judgment, attempt to interfere with the action of the natural laws, which are rapidly setting the industrial machinery in motion again. What Congress can properly and usefully do is to set to work, as I have before suggested, and free all industries as fast as a due regard for vested legal abuses will permit, without a too violent shock to society; and first, and most important of all, abolish all banks of issue. A long and careful analysis of the operations of such banks, commencing with the establishment of the Bank of England in 1694, has led me to the irresistible conclusion that nearly all the evils arising from banks in modern times, and they have been enormous, have resulted from banks of issue; and that nearly all the advantages, and they have been immense, have been due to banks of deposit and discount. I therefore say abolish banks of issue, as such, *in toto*, and amend the national banking laws so as to compel all joint-stock banks to organize under them and report to a department the condition of their affairs. When something of this kind is done, and the National Government ceases to override the natural laws of society, one great step will have been taken towards averting those destructive industrial cyclones, which are the efforts of natural causes to cure artificially-produced evils.

44. I had intended to have closed with the last paragraph, but, since it was written, I notice great stress is laid by many "stump" orators and some more thoughtful reasoners on the effect of the "destruction of property produced by a million of men during the four years of the civil war." It is strenuously argued by many that the panic of September, 1873, eight years and a half after the war, and following seven or eight years of great prosperity, was largely due to such destruction of property. The same class also lay great, if not equal stress on the inflation of the paper currency. Now, a moment's reflection will show the absurdity of the position taken by such reasoners. They argue, quite correctly, that bank and currency inflation led to over-production and a general fall in the prices of labor and goods. These gentlemen are called on to explain how the *scarcity* of labor and goods during the war, caused by the destructive occupations of a million of men, could have influence in bringing about a crisis at a time when the markets were glutted with labor and production, stimulated by inflation. The two propositions seem to me to be wholly irreconcilable, even on the theory of the Satyr, who blew hot and cold at the same time.

45. I will explain it for them. The destruction of goods and waste of labor are represented by the national debt, and, to a large extent, have yet to be paid for or made good to society. We simply borrowed the capital which has enabled us to bridge over the chasm of wasted labor and destruction of goods and other property, and the interest falls lightly on the national industries. As a matter of fact, proved by the census of 1870, the withdrawal of a million of men for four years from productive industry and their employment in destruction of property was set off by the stimulus of high prices (caused by the inflation of capital and values) on the productive energies of those who remained. About 95 per cent. of all the products of labor are destined to destruction by consumption within the year in which they are produced and taken to market. Besides, those who lay so much stress on the destruction of the war are called on to prove that the surplus profit of labor and capital was less during than prior to and since the war. This will be a hard thing for any statistician to do.

NOVEMBER 16, 1878.

Since the foregoing communication was written the results of the elections in twenty-nine States enable us to perceive most clearly that the country will not tolerate an inconvertible, inflated, and fluctuating legal-tender paper currency. No leading man possessed of common sense, will any longer follow the *ignis fatuus* of "fiat money." That question may be taken as settled, and as being no longer a disturbing element in national politics. The only one in respect to currency, is the substitution of national for bank notes and the constitution of a "Money Department of State," wholly independent of the Treasury and unconnected with banks. Until this is done the currency question will continue to be a leading subject of agitation and contention. If it should die out for a time, the next crisis—which is as certain to come in a few years as the rising and setting of the sun, and which will be produced, like all past crises, by bank issues of paper and inflation in bank capital and discounts—will cause a renewal of the agitation and another long period of financial embarrassment. Now is the time to cut the connection between the nation and the banks and to establish an issue of paper money to be sold dollar for dollar for gold. There may be a few idiots, who will cry out against specie payments, but they cannot command "a corporal's guard" of voters.

I have the honor to be, gentlemen, your very obedient servant,

H. BOWLBY WILLSON.

The CONGRESSIONAL LABOR COMMITTEE.

MELROSE HIGHLANDS, MASS., *October*, 1878.

SIR: The subject referred to the committee of which you are chairman, is of very great importance; and while I doubt the power of Congress to do much by legislation to better the condition of the laboring classes, except by giving us a currency convertible into coin at the pleasure of the holder, by a modification and simplification of the revenue laws, and giving some assurance of permanency to the laws in relation to revenue and finance, the continued agitation of these laws and the uncertainty of the result of this agitation, prevent capitalists from investing money in the employment of labor with any prospect of a fair profit or even the capital.

I have expressed the idea that legal enactments can do but little good to relieve the present financial pressure, yet a knowledge of the causes may suggest a remedy, or at least prevent a like disaster in the future. These causes may be enumerated as follows:

1. Undue expansion of the credit system, so that individuals, churches, towns, counties, States, and corporations, are almost hopelessly in debt. This use of credit rendered it very easy to contract debts, and led people generally into extravagant habits of living. And it is very difficult and humiliating to retrench.

2. The too common desire on the part of those of both sexes just commencing life, to avoid hard manual labor, and to seek those branches of industry usually considered *more genteel*. Hence we find GENTILITY OVERSTOCKED. If the thousands of unemployed men and women had gone onto our uncultivated lands ten years ago they might now have been independent.

3. A class of the unemployed (I fear quite a large class) are determined not to engage permanently in any occupation that requires real hard work and perhaps hard fare; and these are the men who are most prominent in the labor-reform movement.

Now I cannot perceive how Congress can aid either of these classes.

Again, many of these complainers spend a large portion of their earnings for tobacco and intoxicating liquors. It would be within the scope of the inquiry intrusted to your committee to ascertain as far as practicable the amount of wages expended for these articles, and at places of amusement. It would be found that enough is thus wasted to go far in the amelioration of the condition of the laboring classes.

A farm laborer from my early childhood to more than seventy years of age.

With sentiments of respect, I am, yours truly, G. C. WATERMAN.

HON. ABRAM S. HEWITT, M. C.

BOSTON, *December* 16, 1878.

DEAR SIR: I have the honor to acknowledge the receipt of your communication of the 11th instant excusing me from giving evidence before your committee and requesting me to communicate, in writing, my views on the subject-matter of the inquiry for which the committee was constituted.

I should be very glad if I could aid the committee in discharging the difficult and arduous duty assigned it; but I fear that I shall be unable to add much to the knowledge it already possesses.

The committee—as appears by the resolution constituting it—is instructed "to inquire into and ascertain the causes of general business depression, especially of labor, and to devise and propose measures of relief."

What, then, are the causes of the general business depression? The fact that business is as much depressed in Germany, and even more in Great Britain, than in the United States, is sufficient proof that it is not due to any laws or institutions peculiar to ourselves.

The depression complained of is the natural and inevitable result of overtrading. It is merely the reaction of previous overaction. Many causes doubtless conspired to induce this overaction, but a sufficient and controlling cause is found in the excessive use of credit. The effects of this excessive use of credit have been felt, more or less, in all departments of business. The interests of labor have suffered in common with other interests; but *not disproportionately*. There is no reason in the nature of the case, nor in the present business depression, why the interests of labor should receive special legislation any more than other interests. I can conceive of no special legislation in regard to labor which would not cause more injustice than it would remove. The interests of labor are so identified with other interests that they cannot be specified with sufficient distinctness to form a basis of special legislation. In view of the fact that all are laborers, that professional and business men are the hardest workers, and that a considerable portion of the mass of laborers are capitalists, that is, are owners of property, where can a dividing line be drawn? The condition of the laborer has constantly improved during the last century. Formerly he toiled long, produced little, and enjoyed less. Now his hours of labor are fewer, his wages greater, and the purchasing power of his earnings larger than at any previous time in the world's history.

As I have stated elsewhere, whatever of hardship or injustice comes to laborers is caused by the general course of human affairs, which affects the rights and interests of men in all the relations of life. Bad laws, bad faith, vicious modes of doing business, undue use of credit, and fluctuations of trade, affect the whole community—the interest of labor in common with other interests. The condition of laborers, as a general fact, can be improved only by reforming the modes of doing business, and by elevating the general condition of society of which they form a part. When the state authorizes a concentration of business by granting acts of incorporation, a condition of affairs more or less artificial is created. In such cases it may, perhaps, be the duty of the state to prescribe to some extent the conditions under which laborers should be employed. If the aim should be to limit the hours of labor, they should not be reduced below ten hours a day, or sixty hours a week. I believe that the moral and physical well-being of laborers would be better promoted by that number of hours of labor than by a lesser number. Whatever limit may be fixed, it should be the same for government employés as for private enterprise, and should be uniform in all the States. The present law limiting the hours of labor in government workshops to eight hours a day is unsound, and should be repealed. It is easier to specify the causes of "the general business depression" than it is to "devise and propose measures of relief." I think that *natural* laws are much more likely to bring relief than *statute* laws. In fact the operation of natural laws has already brought us to the beginning of a career of substantial prosperity. Any special measures of relief, based on the present abnormal condition of affairs, would probably tend to diminish rather than increase that prosperity. It is the height of wisdom to know what not to do.

In the Atlantic Monthly for October, I contributed an article on "the relations of labor and capital," in which I endeavored to set forth the principles which underlie the labor question, and to designate some of the causes of the general business depression. I have no new views to communicate, and take the liberty of sending each member of the committee a copy of that journal.

I have the honor to be, very respectfully, your obedient servant,

E. B. BIGELOW.

HON. ABRAM S. HEWITT,
Chairman of the Labor Committee,
Washington, D. C.

BIDDEFORD, ME., *January* 8, 1879.

DEAR SIR: In complying with your request to respond to the questions contained in your circular, I state that I have been in the management of the Pepperell Manufacturing Company since 1850, when it began the business of making cotton goods. And increasing its machinery from time to time, it now has about 85,000 spindles and 2,200 looms, narrow and wide, employed in making drillings, jeans, and sheetings, turning out a yearly product of about 7,000,000 of pounds and 20,000,000 of yards.

These mills have been run without interruption since 1850, and now employ about 1,600 persons (say 400 males and 1,200 females), at fair wages; and there has never been a turnout or strike or any trouble about wages or the hours of labor. The capital is $1,200,000, and it contributes in taxes yearly from $25,000 to $30,000.

Between 1850 and 1861 a large portion of the goods made, such as drillings and jeans, were exported, chiefly to China, where they acquired a reputation beyond all others. During the war this export ceased, and was not regained until within the last three years, since we have been approaching the coin standard of the world. While the prices of cotton, supplies, and labor were in currency, considerably above their value in gold, exports of our goods were not possible, and the English and Dutch used our trade-marks for fifteen years, and supplied the markets we had before the war, and it is within my knowledge that large fortunes were made in England by the use of the trade-marks of this company. And during the last three years these mills could not have been run three days in the week if we had relied upon the home market for the sale of our fabrics; and this would have been true of a large portion of the cotton-mills of New England working upon staple brown goods. Nothing but this outlet for our goods in foreign markets has enabled the cotton-mills of this country to run full time and give employment to those dependent on this great industry; and this has turned entirely upon working upon a specie basis, or nearly to that, and I am certain this has not been sufficiently considered by those who mold public opinion and make our laws; and I may add, it is not too much to say that, working upon a specie basis with judicious legislation, we can displace our rivals in many of the markets of the world, and give to several of our leading industries, such as cotton manufactures, boots and shoes, leather, iron, agricultural implements, furniture, not to mention others, a development and prosperity hitherto unknown in this country.

These, reacting upon our agricultural interests, and stimulating them as never before to larger production and better methods, will send to the people of other lands the wheat, the corn, the butter, cheese, beef and pork in such volume and at such low prices as never has been known, thus ameliorating the condition of the toiling millions the world over, and enriching our own people in every part of the land.

To maintain, therefore, a specie basis is, in my opinion, the supreme duty of the hour, underlying as it does the prosperity of labor in agriculture, manufactures, and commerce. It is better than tariffs, which without it are a sham and a cheat. This, indeed, is the true relief for labor; this is the chief measure to restore labor to its just rights.

I now proceed to answer some of your inquiries in the circular sent to me:

1st. With cotton about 20 per cent. higher in December, 1860, than in December, 1878, the selling prices of our products are more than 40 per cent. lower now than then.

2d. In the Pepperell mills about 1,600 persons are employed; say 400 males and 1,200 females. In December, 1860, the mill expense, which is exclusively for labor in making our goods, was 2.34 mills per hank; in December, 1865, 4.31 mills; in June, 1873, 3.63 mills; in December, 1873, 3.41 mills; in June, 1876, 2.48 mills; in December, 1878, 2.04 mills; and these figures represent the cost of labor per hank for the six months ending at each of those dates.

But while we make our goods cheaper in 1878 by about 13 per cent. than in 1860, it must not be understood that wages are lower now than then, for they are, in fact, fully 20 per cent. higher, while the purchasing power of a dollar is more than 12 per cent. greater now than then. We make our goods cheaper by reason of improvements in machinery and arrangement of it for economy of work.

The employés have had steady employment in these mills between 1860 and 1879, excepting for a short period in the summer of 1861, when there was a pause before entering upon our unhappy sectional strife.

3d. I am not able to reply with precision to the third inquiry, as all the information asked for is in the treasurer's office in Boston; but, for many years past, the dividends have been five per cent. semi-annually; but, to obtain this result, after expending a sum sufficient to keep the mills in good condition, the corporation has had the use of a sum equal to 50 per cent. of its capital, accumulated during the 28 years of its active life.

4th. I am not able to give a reply to this question with satisfaction to myself or so as to give any very reliable information to you.

5th. The rents of tenements for the operatives are fully 25 per cent. lower in 1878–'79 than in 1866.

6th. The amount of goods made in 1860 was, in pounds, about 5,000,000; and, in 1878, about 7,000,000. The comparative value of our goods in 1860 and 1878 is stated in my answer to question 1.

With great respect, very truly, yours,

WM. P. HAINES.

Hon. A. S. HEWITT,
Chairman of the Congressional Labor Committee.

Condensed statement of the business of Durham Iron Works from January 1, 1874, to June 30, 1878.

Year.	Permanent investment.	Average floating capital.	Total capital.	Nominal loss.	Interest on capital, 6 per cent.	Expended in new construction.
1874	$208,707	$210,000	$418,707	$104,905	$25,122	$108,170
1875	316,877	240,000	556,877	74,930	33,412	56,132
1876	373,009	350,000	723,009	130,121	43,380	38,391
1877	416,400	270,000	686,400	13,690	41,184	.....
1878, 6 months	416,400	220,000	636,400	6,515	19,092	.....
Totals	.....	.....	.....	330,161	162,190	202,693

Year.	Net loss.	Tons of pig-iron sold.	Average price at furnace.	Reductions since 1871.	Total wages of labor paid.	Average reduction in wages since 1874.
				Per cent		*Per cent*
1874	$21,857	729	$24 03	.....	$63,163	.....
1875	52,210	19	22 00	8	56,099	1.59
1876	135,110	4,613	16 60	31	80,106	11.90
1877	54,874	15,365	15 39	36	101,224	16.66
1878, 6 months	25,607	8,434	14 60	39	42,849	20.63
Totals	289,658	29,160	.....	.....	343,441	.....

Price of iron from 1871, and reductions compared with 1873.

Year.	Tons of pig-iron sold.	Average price at furnace.	Reduction since 1873.	Average reduction in wages since 1873.	Rates of wages paid per day.			
					Furnacemen.	Millers.	Laborers.	Average.
			Pr ct.	*Per cent*				
1871	5,844	$29 84	.....	.....	$1 70	.....	$1 45	.....
1872	9,299	40 54	.....	.....	1 90	.....	1 60	.....
1873	8,640	32 16	.....	.....	2 00	$1 89	1 51	$1 79
1874	729	24 03	25	29.61	(*)	1 25	1 09	1 26
1875	19	22 00	32	30.73	(*)	1 24	1 09	1 24
1876	4,613	16 60	48	37.93	1 20	1 10	1 00	1 11
1877	15,365	15 39	52	41.34	1 15	1 05	0 95	1 05
1878, 6 months	8,434	14 60	55	44.13	1 10	1 00	0 90	1 00

*Out of blast.

Distribution of losses.

Year.	Loss, without including interest.	Loss, including interest on floating capital.
1874	*$3,265	$9,335
1875	18,798	33,198
1876	91,730	112,730
1877	13,690	29,890
1878, 6 months	6,515	13,115
Totals	127,468	198,268

*Gain.

Tons of iron produced from January 1, 1874, to July 30, 1878.

	No. 1.	No. 2x.	No. 2.	Gray forge.	Mottled.	White.	Total.
1874, old furnace, 1 month	.....	.....	11½	369½	34	25½	440½
1876, first blast new furnace	45	430½	912	425	133	32	1,977½
1876, second blast, 6 months	76	1,976	1,334	2,283⅓	942	154	6,765⅓
1877, second blast, 12 months	72	2,382	2,971½	6,867	3,327	739	16,358½
1878, second blast, 6 months	89½	733	1,406	3,288⅓	3,050	234	8,801
Totals	282½	5,521½	6,635	13,233½	7,486	1,184½	34,343

Detailed statement of wages paid and dates of change.

Class.	1866.	1867.	1868.	1871.	1872.	1873.	October, 1873.	December, 1873.	July, 1874.	December, 1875.	March, 1876.	July, 1877.
Furnace keepers	$1 90	$2 10	$2 20	$2 00	$2 30	$2 40	$1 95	$1 75	.....	.....	$1 50	$1 40
Other furnace hands	1 70	1 87½	1 90	1 70	1 90	2 10	1 70	1 40	.....	.....	1 20	1 10
Engineers	.....	.....	.....	.....	.....	2 15	1 70	1 55	.....	.....	1 45	1 40
Machinists	.....	.....	.....	.....	.....	2 85	2 30	2 10	$2 20	$2 00	2 00	1 90
Molders	.....	.....	.....	.....	.....	3 25	2 60	2 40	2 60	2 25	2 25	2 00
Carpenters	.....	.....	.....	.....	.....	2 50	2 00	2 00	2 00	1 90	1 90	1 90
Blacksmiths	.....	.....	.....	.....	.....	2 25	1 80	1 60	1 40	1 30	1 30	1 20
Miners	.....	.....	.....	.....	.....	2 00	1 60	1 25	1 25	1 10	1 10	1 00
Laborers	1 35	1 50	1 55	1 45	1 60	1 60	1 25	*1 00	1 10	1 00	1 00	0 90
Average rents†	3 00	3 00	3 00	3 00	3 00	3 00	3 00	3 00	3 00	3 00	3 00	2 50

*Raised February 1, 1874, to $1.10. †Monthly, for cottages, with gardens.

In addition to the foregoing communications the committee has received many others which it has not been deemed advisable to print. Some are incoherent; others urge views that have been repeatedly expressed; and a very large proportion of them are chiefly devoted to generalities upon various points of ethics. But while it has been judged best not to swell the bulk of the report and increase the expense of printing it, by publishing these letters, it has also been thought proper to brief them and present in a table a synopsis of their contents.

A list of persons who have communicated in writing to the committee their opinions as to the causes of the prevailing depression of labor and the remedies therefor.

Writer.	Brief.
Angerer, Mrs. A. W., 75 Defrees street, Washington, D. C.	Proposes the organization of co-operative societies. Capital to be raised by an initiation fee. Loss and expense during the first year to be covered by a small monthly due. Raw materials and, if necessary, tools and machinery, to be bought with the common fund. The officers to be attorney, treasurer, and secretary. Shops to be established for the sale of products, disabled members serving as clerks. The division of profits to be monthly. Cites the instance of the Co-operative Society of Hatters organized in Liverpool in 1845, with 717 members and £18 0*s.* 0*d.*; which, in 1858, had 1,950 members, £18,165 capital, with library, reading-room, &c.
Abbott, L. J., 624 North Fourth street, Philadelphia, Pa.	There should be provision for minority representation. Ten hours should be a legal day's work, and all above or below that amount should be paid *pro rata*. The contract system should be abolished and labor divided into four classes; the fourth, or lowest class, to be paid $1.50 per day, or 15 cents an hour; a higher rate for upper classes. In this way good workmen would be produced. The basis of currency should be the resources of the country and its property, not gold and silver. All property, including churches and bonds, should be taxed.
Babcock, W. A., Smyrna, N. Y ..	Knows what has ruined his trade—harness-making; it is labor-saving machinery, with which no competition is possible. Great discontent prevails in his neighborhood (Smyrna, N. Y.) on this subject. He would close the Patent-Office and tax heavily the machines and their products.
Batory, Ignatius, post-office, Wood's Mills, Howard County, Maryland.	Advocates the "decentralization of capital" by abolishing usury laws, and, in so far as they are mediums for collecting debts, the courts. If lenders cannot enforce payment, a cash system will prevail, which will render capital subservient to labor, as it should be.
Barrows, A., South Front and Reed streets, Philadelphia, Pa.	Believes the currency should be redeemable greenbacks. A hoard of $800,000,000 or $1,000,000,000 in gold should be kept for purposes of redemption. Nothing short of this is specie payment; and the cost to the country would be less than that of one week of panic. In the last forty years he has known times when specie could be had in small quantities, but never a time when a "run" would not cause suspension.
Bartlett, F. A., Room 12, Bennett Building, New York City.	Recommends that the poor in each State should be worked on "industrial farms" for their food and clothing. Submits no plan.
Balte, F., 122 Christie street, New York.	On the part of the German Workingmen's Association of New York submits a long paper, occupied, for the most part, with an account of the hardships of the poor, but offering no remedy for the prevailing depression beyond shortening the day's work.
Beeman, T., Indianapolis, Ind ...	After a laborious and economical life he is destitute at the age of 73, although he has created enough wealth to make his last days easy. The real producers do not grow rich. The present trouble is not high prices, but the lack of employment. He wants a gold basis for the currency, that a stop should be put to speculation and land grants, and that there should be a graduated income-tax.
Appleton, Wm., Albany, N. Y....	Believes the source of the depression is in the faulty and expensive system of revenue collection. It should be abolished, and all revenue collected by stamps.
Buck, Ed., 111 Manhattan avenue, Greenpoint, L. I.	Proposes that workingmen form clubs of 100 or 200 members. Each member shall contribute 25 cents every Saturday night. At the end of the year twenty men shall be chosen by lot, among whom the sum contributed (of $1,300 or $2,600) shall be divided, and with this capital they shall take up in a colony government land to be given them gratis by the United States.
Olberg, J. G., 226 Maryland avenue, Washington, D. C.	Approves and calls attention to bill H. R. 2454 (introduced January 14, 1878) to promote inter-State navigation.
Beiersdorf, J., Chicago, Ill	After canvassing the furniture manufacturers of Chicago, Cincinnati, and Philadelphia, he thinks the majority of them agree that the remedy for the present distress is an eight-hour law. It will break up the tenement-house system, giving employés time to reach their shops from the suburbs; it will destroy piece-work; it will give the workingmen the benefit of labor-saving machinery; railroads should be controlled by the government. He is himself a manufacturer.
Blood, James N., New York City.	In a very long communication, points out the evolution of society from separate families up to Roman imperialism—the first cycle—and from Roman imperialism, under a decentralizing tendency, to

List of communications, &c.—Continued.

Writer.	Brief.
Blood, James N.—Continued.....	American republicanism—the second cycle. But through all this political progression, society, in its industrial theory, has been always the same; that is to say, politically, the common good is regarded; but when money is in question individuals are left to prey on one another and the weak are unprotected. The amount paid in interest, including gold premiums and discounts, is $1,300,000,000 annually, or $600,000,000 more than the annual increase of wealth. All of this is tribute to non-producing classes. So long as interest was paid, it was reloaned and all went well. But when Jay Cooke's failure shook public confidence, hoarding began. This, with contraction of the currency, brought ruin on those engaged in manufacture and threw labor out of employment. If the right to life is inalienable, so is the right to the things which support it—land, air, water. Blackstone admits that there is no natural right to land beyond that of present possession; and that devises are contrary to natural law. Under a system of barter, there was justice. For convenience of distribution the abnormal class of middlemen was introduced, and later, those who loaned money to the speculative middlemen appeared, the bankers. These money dealers are the cause of all our woe. For example's sake, look at Champaign County, Illinois. With $11,000,000 of real estate, it owes $6,000,000 on mortgage. Its yearly taxes and interest are $1,000,000. In A. D. 1911 this real estate at the average yearly increase of 2 per cent. will be worth $22,000,000; but the mortgages will be worth $96,000,000. These figures will never be actually reached. Because failures, bankruptcies, &c., will intervene, and most of the property pass to the lenders. But this is the true cause of our panics occurring every twenty years. Land cannot pay the rates of interest on mortgages. Arrears are secured by further liens. At last comes the crash and the owner loses his property. The remedy for all this is the abolition of interest-government loans with security for principal only. Let the debt be paid in greenbacks, thus becoming a non-interest bearing debt. Colonize along the lines of the Northern and Southern Pacific Railroads. Finally, provide by law for the escheat of all lands to the State on the death of its possessor, and let all land be held by the government for the people. He is a communist because he believes Christ so taught. But communism is not dividing up property among the needy, but a consolidation of it for the general good.
Bryce, T. T., Hampton, Va.....	Believes the causes are, (1) over-production; (2) unstable currency. The remedy is protection.
Blanchard, R. P., Chicago, Ill....	Is an employé. Thinks little can be done by Federal legislation, though postal savings-banks and the prosecution of public works might help somewhat. The causes are of two kinds: (1) Those always operating; (2) those peculiar to this time and country. Of the first are, (*a*) ignorance of mental, moral, and physical science; (*b*) lack, among the masses, of that desire to be independent which is so characteristic of the Jews and Chinese; (*c*) prevalent idea that idleness is happiness; (*d*) demagogues; (*e*) competition of dependent labor—that of women, children, and convicts—with independent labor; (*f*) hard bargains, which should be controlled by law; (*g*) lack of reciprocal sympathy between the rich and poor. Of the second are, (*a*) speculation and extravagance, engendered by the war; (*b*) emigration and rapid increase in marriages (and births) after the war between those unfit to marry; (*c*) the restless spirit growing out of the war. Sees no remedy beyond patient work and willingness to live cheaply on the part of labor, and on the part of capital cheerful aid wherever possible.
Brown, H. Byron, New York City.	Represents an industrial club. Believes the function of government to be paternal; that it should control railroads; that taxation should be graduated; that the debt should be paid in greenbacks; that currency should be issued on a per-capita basis.
Boyce, S. S., 1322 Fourth avenue, New York.	Only wishes "to offer limits." Seems to find in protection the remedy sought. Cites flax and sugar as examples of how great a loss the country sustains under the present tariff.
Carhardt, James L., 169 West Twenty-third street, New York.	Thinks the failures of savings-banks have caused much of the trouble. The law provides no safeguards for depositors.
Coleman, A. E., 149 Hart street, Brooklyn, N. Y.	There has been too great an immigration. Too much has been spent in luxuries; too high rents; too high dividends on fictitious values in railroad stock. Remedies: Regulate rents by law; settle railroad valuation by government inspection, and forbid watering stock; enter into reciprocity of commerce with all American countries; adopt a system of protection against Europe; just navigation laws; postal savings-banks; subject mining-stock companies to government inspection; put tramps to labor on government works; issue paper enough to make the volume of currency stable; forbid the "heathen" to come here except as manufacturers or tradesmen.
Carey, John, Newton, Iowa.....	Has seen four financial crises: (1) After the war of 1812; (2) 1837; (3) 1857; (4) 1873. Believes his plan would prevent a fifth. Let the government buy up all the bullion in the market, coin it, and,

List of communications, &c.—Continued.

Writer.	Brief.
Carey, John—Continued	keeping it as a reserve, issue $3 of paper in dollar notes for every $1 of gold. Let this money be loaned to the States as States, and by them to the counties, and by these last to individuals. The rate of interest to be 6 per centum, and the proceeds to be expended in buying more bullion. The loans to be secured by mortgage. Develop postal money-order system into postal savings-banks.
Caldwell, J. W., box 102, Webb City, Mo.	Believes the tendency of our financial system is to draw capital away from industrial pursuits to funded investments, and to concentrate it in few hands. Denounces strikes and eight-hour agitation, but suggests no remedy.
Curtis, Charles, 87 High street, Newark, N. J.	Believes the cause is machinery, by which neither producer nor consumer profit, but only the middle men. The government should buy all machines and throw them into the sea. This would prove cheaper in the end than a war, just as it would have been cheaper to have purchased the slaves than to have fought the war of the rebellion.
Creed, Ed., San José, Cal	Chinese immigration should be stopped, and some scheme of colonization adopted. The colonists should be loaned $500 by the government.
Dance, Abel, 158 Joy street, Brooklyn, N. Y.	The cause is our vicious financial system. There are too many sinecures in the public offices. We need a system of convertible bonds. Upon the old bonds we should stop paying interest and "cry quits." All fortunes should be limited to $100,000. Any amount above that should be gathered by taxation into a "United States Frontier Settler Soldiers' Relief Fund."
Downs, James, Philadelphia, Pa	Is a hand-loom weaver. His trade has been ruined by machinery so that he can barely keep together soul and body; yet he is about as well off as most of his craft. He does not believe eight-hour laws or the issue of paper money will afford relief, but thinks that colonization will. People of good character should be chosen as colonists. Those of the same religious beliefs should be settled together. The government should advance to them the things necessary at the outset, branding its property, the price of which should be gradually repaid.
Daggett, J. S., Boston, Mass	Sends advance sheets of his work on co-operation. The world has outgrown a metallic currency. Our cotton alone is worth more than our coin. We need paper money based, not on a handful of gold, but on the country's wealth and the national honor. The volume of the currency should be regulated by the needs of the country and wise legislation. We should then have no panics. He gives a graphic picture of what is accomplished by labor-saving machinery as compared with hand work.
Dayton, Charles, 10 Waverly Place, New York City.	Incloses a paper, read before the American Social Science Association, upon the effects of labor-saving machinery. Labor, he thinks, should be equally distributed among all persons (but he does not show how it is to be done). The hours of labor should be shortened. Incloses a platform of the People's Progressive Party.
Dougherty, Jno., Mt. Union, Penn.	Incloses the "Idea-Real" plan of colonization.
Edwards, D. M., Sayville, N. Y	Believes alcohol to be the cause of three-fourths of our pauperism. The amount of grain used in the manufacture of intoxicating liquor would supply every man, woman, and child in the land with thirty-five bushels of corn. He offers no other suggestions and no plan of relief.
Eifert, A. F., 900 Third avenue, New York.	The causes are (1) "the monopoly system"; (2) the custom of large firms, like that of Lord & Taylor, dealing in various sorts of articles whereby they can sell cheaper than those who deal in but one kind of merchandise, as the profit on one sort will balance the loss on another; *e. g.*, jewelry he believes can be bought cheaper at Lord & Taylor's than at a jeweler's.
Ford, C. W., Philadelphia, Pa	Thinks that whatever the cause of decreased consumption may be, one thing is certain, that decreased consumption is the cause of our present distress. Let all employers raise wages 15 cents a day; this would increase the annual expenditure by $3,000,000; consumption being thus increased would react to raise wages, and high wages would again act to increase consumption. This method would hold good in all times of depression. Government should furnish statistics of wages and prices in all parts of the world. Employers then, knowing what the rates of living were, could pay their hands properly and the employed, knowing the prices of products, might be reasonable in their demands. It is not the function of government to arrange the terms of employment; but it is one of its duties to prevent either party to a contract taking advantage of the necessities of the other. Thinks the credit system ruinous, and believes the Constitution should be so amended as to make United States money issued in proportion to property as two is to one; the property of the country to be the basis of the money and its value to be determined by annual estimate.
Folin, C. V., Fordham, N. Y	The cause is extravagance; the remedies patience and frugality. More money is spent in New York for liquor and tobacco than for bread and meat. When, in an area no larger than a Westchester

List of communications, &c.—Continued.

Writer.	Brief.
Folin, C. V.—Continued.....	County farm, and chiefly inhabited by the poor, there is a grog-shop for every 250 souls, counting women and children; it is not wonderful there should be want and suffering.
Fitzgerald, M., 195 Eldridge street, N. Y.	He is one of 5,000 New York bartenders who work on an average fifteen hours a day for the average wages of $11 a week. He wants an eight-hour law, and believes the government should expend $1,000,000 in buying suburban lots about New York and erecting thereon houses to be sold at cost to clerks and mechanics.
Franke, C. L., Louisville, Ky.....	A financial plan involved in statement, but accompanied with a great mass of statistics. He holds that as compared with any European nation we have never had an inflated currency, *i. e.*, we have never had a greater amount *per capita* than other countries. The causes of our distress are contraction and the destruction of capital. By abolishing national banks taxation can be reduced. There should be a *per capita* circulation convertible into low-rate bonds.
Fox, Samuel, Quincy, Ill	Believes there should be a government board of arbitration to oversee contracts and invalidate unjust ones. Sees no reason why the price of bullion should affect the value of coin.
Farris, N. R., Philadelphia, Pa..	Proposes (1) that a tax equal to his passage-money be imposed on every immigrant; (2) that the United States negotiate a loan equal to $10 *per capita* of population to serve as a fund from which money may be lent to colonists; (3) that to every head of a family so desiring 160 acres of land be granted and a sum of money to be repaid by annual installments within 10 years, no payment being made the first year. That in this way colonies should be formed, the government having a lien on the land and stock for its advances. All land held by corporations under government grant and now unoccupied should be redistributed.
Fulton, M. A., Hudson, N. Y.....	The acts of March 23, 1867, and July 25, 1868, should be revived, and $500,000,000 issued in 3 per cent. compound currency loan certificates of $10 and upward in value, to be held by the banks in lieu of the reserve now required; $50,000,000 of legal-tenders should be issued as a fund for their redemption. Let $1,000,000,000 be issued in 50-year 3 per cent. coin bonds for sale at par in legal-tenders, to be a basis for national and State banking. Let all banks depositing this class of bonds at the rate of $1,000 for $900 of circulating notes be free from Federal taxation. Pay United States expenses out of the new loans and buy up the five-twenties, ten-forties, sixes of 1881, and the new 5 per cent. bonds. Repeal the resumption act, tax incomes, and gross receipts of railroads and canals. Take off three-quarters the duty on sugar and molasses, and increase the tariff on silks, diamonds, &c. Reduce the Army. Withdraw all subsidiary silver coin issued since 1853, substituting fractional currency and coins of the weight prescribed by act of 1837, chapter 3, section 9.
Griffith, N., Covington, Ky	Farm colonization. He proposes, in order to settle 1,000 families, to give each family 100 acres of land. This will require 12½ miles of territory. Upon this he would build 1,000 houses divided into nine villages, each house having an acre of land attached for a garden, besides 39 acres in the village; the remaining 60 acres to be without the town. The government should furnish the necessary tools and animals to begin with, for which it should be repaid in ten years without interest. No judges in the United States should be elected. The rate of interest should be limited by law to 4 per cent.
Griffin, R. M, Albany, N. Y	Proposes to increase the greenback circulation to $1,000,000,000, the surplus issue to be spent in cutting ship canals around Niagara Falls; from the Hudson to Lake Champlain; from Lake Michigan to the Mississippi, and from New York Bay to the Gulf of Mexico. A narrow-gauge road is also desirable, he thinks, to unite the Atlantic seaboard with the great Western rivers.
Gibson, Walter, 239 Broadway, New York City.	Believes much is due to the feeble execution of the laws protecting property. There should be a school for policemen similar to those at West Point and Annapolis for officers. Laws against gaming and liquor selling should be repealed; they are hardly ever enforced, and are temptations to corrupt municipal officers.
Gilmer, G. A., Mathews, Ala ...	Cause: The violation of the ninth and tenth commandments by those living north of Mason and Dixon's line, from whom God "has withheld the light of his Spirit." Remedies: Repentance; abolition of tariff; reduction of salaries; lowering the gold dollar to the silver standard; paying those "you have injured;" imposing a direct ad valorem tax on all "persons and things" protected by the government.
Hunt, J. C., Wilson, J. H. H., Nicolson, J., Boston navy-yard.	Believe that the working-classes derive no benefit from labor-saving machinery; they are idle in times of depression; in busy times they work as long as ever they did. Relief would come from an eight-hour law and the prosecution of government improvements.
Hubbard, Ch. E., Elmira, N. Y...	A straw-worker, twenty-five years old. He pictures his distress and the difficulty of finding work at his trade on account of the introduction of machinery. He would tax the machines proportionately to the amount of labor saved.

List of communications, &c.—Continued.

Writer.	Brief.
Homes, H., Boston, Mass.....	Causes are overproduction and credit system. No legislation can help matters. On a credit system dealers overload themselves and supply exceeds demand; whereupon brisk competition ensues and prices fall ruinously. A cash system is the remedy.
Hartman, P., 36 Maiden Lane, New York.	Incoherent and almost illegible. Thinks there is no overproduction; but that the scheming Republicans sold out when property was high and now want to control the money-market.
Harang, Th., Banana Grove Plantation, Parish of La Fourche, Raceland post-office, La.	Causes: The war; the sudden abolition of slavery; political antagonisms; the countenance given to fraudulent bankrupts and other dishonest men; the clustering of people about cities. Remedies: Protection (on sugar alone it would save us $81,000,000 annually); love and concord.
Haley, W., editor of The Enterprise, Chico, Cal.	Proposes in general terms colonization through a frontier militia, receiving government aid, and rendering service against the Indians.
Hyde, Oliver, 122 Taylor street, San Francisco, Cal.	Cause: Decrease in the demand for labor on account of machinery. Remedy: Enforce the eight-hour law. Enlist for three years an "army of industrial occupation," to settle on government lands, and provide them with tools, stop paying off the national debt, and prosecute public works.
Fite, Samuel, Philadelphia, Pa ..	Written in very general terms. He would cut down government expenditure and restore imprisonment for debt. Thinks that if a workingman would compare his condition with that of an Indian or a Mexican, he would admit that labor-saving machinery was of benefit to him.
Hollinger, E. N., 12 East Fourteenth street, New York City.	Causes are—1st. Overtaxation; which is due to the number of officials, many of whom are unnecessary, at high salaries, and to the great bonded indebtedness, national, state, and municipal. 2d. Unjust laws. Women have an advantage over men before the law; the decisions of the courts are unjust in many cases, as in the matter of the New York Elevated Railroad, where property-holders' interests were sacrificed, &c. The Fifteenth Amendment should be repealed. He believes that "what is good for the boss is good for the workman"; and that whenever the employer can afford to he will pay his men well. He is a bookkeeper.
Harris, Nat. R., Philadelphia, Pa	The whole trouble is with the currency. There is but one bulwark against revolution, a redundancy of paper currency.
Hunt, William, Woodbury, Md ..	Advocates the removal of duties from raw materials. If this were done our market would widen and prosperity increase; cites the effect of such action in silk industry.
John, R. W. S., O'Hara Glass House, Pittsburgh, Pa,	Is a miner; thinks the chief trouble is with the workingmen themselves, and especially with the drift-men, who get from $2.50 to $4 a day, and cannot keep their families as well as sober, industrious men earning from $1.25 to $1.75 a day. The drinking men average six drinks a day, which cost them $218 a year, or enough to support them; they incite most of the strikes; the saloon is their council-hall, and when excited by drink they do what afterwards they repent.
Irwin, Clarke, Oregon, Holt County, Missouri.	The whole cause of the depression is the heavy taxation of the last 15 years. If our soil and climate had failed us, we should not have been surprised at the condition of affairs; but the results of heavy taxation are the same as those of "bad years," when imposed on the necessaries of life. In 1846 England was in our condition, and cured herself in a twelvemonth. We have only need to adopt her policy of that time.
John, C. V. Fordham, N. Y	Thinks the trouble is with the trades-unions, and points out their evils; they render ignorance able to compete with skill, and are harmful alike to the sober, intelligent workman and to the employer.
Kleinert, J.B., 497 Broome street, N. Y.	We are in a transition state, due to the introduction of labor-saving machinery, and there is a demand for employment. In order to furnish it, take the duty off all raw material, promote ship-building, foster agriculture, granting homesteads to *bona-fide* settlers only; tax only manufactured tobacco, incomes, and liquor; limit the franchise, extend education, and push civil-service reform; tax (here he is contradictory) church property except the edifice.
Kinzer, G. C., Madison Run Station, Va.	Tax immigrants $100 each; prohibit the admission of coolies; apply the proceeds of said tax to paying the interest on the debt; a high tariff on all we produce; admit tea, spices, coffee, &c., free; kill Mr. Wood's bill; issue plenty of greenbacks, tax bonds, create a United States savings-bank. (He earns 90 cents a day on a railroad, and supports a family.)
Kallenberg, H., New Rochelle, N. Y.	Cause overproduction by machinery; remedy, 8-hour law, and the regulation of wages according to the cost of living. Organize a department of colonization to control public works and provide settlements for colonists, with tools, &c.; the cost of the implements and stock to be repaid without interest.
Kennedy, A. N., 47 Jane street, N. Y.	Causes: repeal of bankrupt law—many went into insolvency to avail themselves of the old law; the proposed change of tariff, by unsettling prices. We are comparable to a machine in perfect order, the drafts of which are stopped by the excess of fuel. Start up public works and take off some of the superfluous labor, and with this impetus the whole machine will act once more.
Kirchner, H., 813 R street N. W., Washington, D. C.	In general terms advocates colonization, quoting Jackson, Webster, and Galusha Grow; considers Mr. Wright's plan a good one.

List of communications, &c.—Continued.

Writer.	Brief.
Landon, Albert, Rutland, Vt.....	The remedy we need lies in ceasing to sell interest-bearing bonds, retiring national bank currency, making greenbacks legal tender with gold and silver, and paying the debt therein by 1879; arranging a scheme of taxation to yield an excess of $50,000,000 a year over expenditure, this surplus to be destroyed until the debt is so wiped out. Articles we can manufacture should be protected; others should be admitted duty free.
Lee, W. F., Adirondack P. O., N. Y.	Believes liquor to be a chief cause. By Commissioner Raum's report there are over 166,000 liquor dealers in the country, and nearly $596,000,000 were spent for liquor in 1877.
Letson, Thomas, 20 Reade street, N. Y.	Irrelevant. Wants food-adulteration and all tricks of trade stopped.
Mumford, J. E	Thinks the trouble is due to the revenue laws, which should be repealed; each State should contribute directly its quota of taxation. The national banks, too, should be done away with.
Miller, S. C., 110 North Third street, Reading, Pa.	The United States should grant farms of —— acres, with agricultural implements and a house, to families of three persons willing to form a colony. The occupants of each farm should pay one or two hundred dollars in cash; the balance of the actual cost of the house and tools to be paid in annual installments, at 4 per cent. The government should hold first mortgage on the property, and the colonial affairs should be under a department. No liquor should be sold in the colonies. Eight months of schooling for children in each year should be compulsory.
Monroe, J., New York City.....	The war engendered habits of luxury; catering to these, industry was diverted from its old channels, and to supply the place of hand labor, machinery was invented. Therein is the original source of our present depression. To remedy it the tariff should be reduced one-half. The tax upon liquor and tobacco should be so low as to make it unprofitable to defraud the revenue. State banks should not be taxed. Liberal navigation laws should be passed. Notes and 4 per cent. bonds should be interconvertible. The amount of legal-tenders and the government expenditure should be fixed by law. By reducing the dutiable list fewer revenue officers would be required. The Army and Navy should be cut down.
McKinney, H., Plymouth, Pa....	Complains that the system of company's stores in the mining region oppresses both the laborers, who are practically forced to deal at them, and small tradesmen.
McDonough, Th., Mont Clair, N.J.	The debtor class owe chiefly in short notes, bonds, and mortgages. The notes and bonds adapt themselves, more or less, to a fluctuating market; mortgages do not. Thus when the relation between gold and paper was 1:2, if A borrowed on mortgage, he has to pay his debt twice over when gold and paper are at par. To remedy this evil he believes a law should be passed making all liens on real estate payable at their gold value at the date when they were made.
May, Mrs. C. W. B., Bridgeport, Conn.	All crises are due to the credit system. Our currency rests not on coin but on debt, and capital fears to invest. The remedy is to "have coin-certificates as money and not to strain credit beyond readily-convertible limits." The common welfare also demands the removal of class privileges, *e. g.*, that one to banks of issuing notes not based on coin; the limitation on the powers of railroad corporations; free trade; direct protection to weak industries; direct taxes.
Marten, A. W., 32 Oakland avenue, Jersey City, N. J.	Depression is caused by credit system and machinery. Both tend to the same result, the accumulation of capital in a few hands; enriching the rich, impoverishing the poor. The remedy lies in basing currency on gold and silver as nearly as possible, equal in amount per capita as the currency of nations with which we trade; in abolishing monopolies; in diverting capital to production; in paying well and employing all from the proceeds of taxes imposed on machinery and incomes above $1,000.
Millen, Ed., 139 Macdougal street, New York City.	Patents, being in their nature monopolies, should be jealously issued, and the profits from them should be limited by law. Corporations should not be allowed to inflate their capital; their surplus earnings, now so used, should go toward reducing the prices paid by the public for their articles or services. There should be no protection, and duties should be imposed on as few articles as possible.
McLaughlin, M. J., Dubuque, Iowa.	Is an employer. Would have a low rate of interest prescribed by national law, and a graduated tax on incomes over $1,000, to form a fund out of which to employ labor on public works. Prices are now as low as in 1861; but wages, owing to the fact that men are only employed a few days in a week, will not average over fifty cents a day.
Mahn, Jos., Syracuse, N. Y	Contraction is the cause of the depression. At the close of the war we had a good currency. It had no intrinsic value, and therefore was not hoarded but circulated. We need a per capita currency at least equal in amount to that in which the debt was contracted. All laws looking to resumption should be repealed. Labor-saving machinery will in the end be a blessing, but it is bad doctrine to preach retrenchment in consumption. To consume is life's chief pleasure; not to do so is to be a savage, &c.

List of communications, &c.—Continued.

Writer.	Brief.
Moore, Stephen, 1243 Third avenue, New York City.	The cause is a glut in the labor market. The remedy is to loan every industrious citizen $1,000, and place him on the public land; let the rate of interest be low, and collect none the first year; provide them with implements, appoint farmers as inspectors, and if any so benefited squander their money withdraw their privileges.
Manning, S. N., Kankakee, Ill	The chief causes are over-production, and great immigration. The remedy against the latter evil is some such rule as that no person shall be allowed to come to this country who is not possessed of a capital of $1,000, if the head of a family; or, if a single man, $500, or the right of settlement in some agricultural colony.
Merriken, F. M., Baltimore, Md ..	Contraction and high rates of interest are the causes. Resumption is the remedy.
Niewland, E. J., Brooklyn, N. Y ..	Sends several pamphlets embodying his views; believes the chief cause of all financial trouble to be the corruption of financial editors by the great capitalists. This he would remedy by establishing a paper under government control, to inform the public truthfully of the state of the markets.
Newton, Chas. O., Homer, N. Y ...	Times are only hard if compared to the "flush" days of the war. For farming communities they are better than before the war. But the present generation having grown up among fictitious values, does not know the true value of a dollar. We need more labor in the fields and a smaller consumption of rum and tobacco.
Nicholson, W. J., 45, Tribune Building, New York.	The cause is small consumption. The remedy, (1) to make the national currency legal tender in payment of customs and debts to the United States; (2) to establish government savings banks; (3) protection; (4) to foster ship-building; (5) to cut the Darien Canal; (6) complete the Northern and Southern Pacific roads; (7) revoke all railroad grants except sufficient roadway; (8) revise patent and postal laws; (9) make the Interior an industrial bureau, and settle Indians and other poor families on the public lands; (10) consolidate the War and Navy Departments; (11) substitute a ward system of nominations for that of the caucus.
Pollock, J. A., 471 Newark avenue, Jersey City.	In the "flush times" individual credit was overstrained, whence resulted an abnormal development of trade; on account of the shrinkage in values the debts so freely contracted then have now to be paid in a currency worth twice that in which they were contracted, and thus the capital which should be pushing forward is busy bringing up the rear. Other causes are, high rates of interest; the absorption of capital by the national debt in bonds; labor-saving machinery; the concentration of trade into large firms, killing out small enterprises (for the profits on iron, wool, cotton, &c., are too small to support trade except on a great scale); the present too great economy of all people; and finally, intemperance. By way of remedy are suggested, a railroad built by the government out of its lands across the continent, and carrying freights at actual cost; another one from New York to the Mississippi River; and the fostering of agriculture by a national loan to counties, and by them to all who desire to go into farming, the rate of interest being 2 per cent.
Pingree, L. F., 8 High street, Portland, Me.	The cause of the depression is the abundance of all kinds of securities in the market which bear a high rate of interest; these divert capital from industrial investments. The remedy lies in a redistribution of labor. The national bank system should be abolished.
Peck, A. T., Danbury, Conn	The reason labor does not earn enough to buy the products of farms and factories, is that capital finds in funds and banking the best investment. The history of national banks shows that it does not injure the government or increase the debt for the Treasury to loan money without interest. Establish, therefore, all over the country branch banks at which any voter can borrow $5,000 to secure a home, pledging himself to pay principal and 4 per cent interest, and to maintain national and legal-tender notes at par. As every dollar would be secured by a dollar's worth of property, there would be no loss.
Parker, T., Baltimore, Md	Proposes this scheme of colonization. Let the government survey bodies of land, good for farming, containing 1,000 lots of 160 acres each, to be numbered, the even-numbered lots to belong to the United States, and to be sold by them. Let the odd-numbered lots be taken up by inhabitants of cities containing over 25,000 souls; the grantees to be over 25 years old and residents of the country for five years and of the city for one. Advance to the colonists A tents and ammunition, together with a non-interest bearing loan of $500 payable in fifteen years. From this loan let them buy at cost from the government depot necessary stock and implements. Give them free transportation to the colonies, and require an oath to support its welfare. Let the land only be granted to the destitute and confirm the title at the end of fifteen years on payment of the loan by the settler or his heirs. Let the colonies be under supervision by agents, and do not allow one to be started until the entire 1,000 lots of every other one are occupied. This plan would relieve the prevailing distress, restore prosperity, and solve the Indian problem.
Packard, A., 155 South street, New York City.	The various religious organizations should be allowed to pre-empt townships and to settle on each one colonies of 100 families.

List of communications, &c.—Continued.

Writer.	Brief.
Palmer, E. F., 560 Third avenue, New York City.	On behalf of the "Society of Industry and Labor," writes in very general terms that the present depression is due to misgovernment, and could be remedied by prosecuting public works, promoting colonization, fostering commerce, and destructively taxing corporations.
Purdy, James W., 33 Lawrence street, Newark, N. J.	The cause is over-production through machinery. There is plenty for sale but no money to buy with. The remedies are (1), to curtail the hours of labor; (2), to prevent the employment of children under fifteen in factories; (3), a protective tariff; (4), to issue greenbacks to pay the debt; (5), to establish government depositories in which the people might bank.
Ract, B	The government should establish savings banks paying 4 per cent. on deposits up to $1,000, deposits to that amount to be invested in a bond. There should also be government pawn-shops, the interest on pledges not to exceed 8 per cent. There should also be a government tobacco factory. These three measures would afford great relief.
Rich, Josiah, 75 Broad street, New York.	The cause is a protective tariff. He argues this at length.
Ramage, Adam, Holyoke, Mass	Protests as a workingman against being represented by the average labor-reformer. The cause of the depression was the war expenditure of borrowed money. At the close of the war the army of consumers became producers, and every one found himself in debt. The remedy is to go to work and pay our obligations. If Congress will only let matters alone it will be worth more to each citizen than $80 and two mules.
William Ruchrwein, with Fay & Co., Cincinnati, Ohio.	Incloses his letter to Cincinnati Gazette. Proposes the setting apart of 25 sections of government land as a commencement. The United States to furnish a steam plow, a house for each family that will take a farm on its terms, provided they are moral citizens and out of work; each house to be built on four acres of the middle section, fifty acres additional being provided each family for farming; crops to be brought to government storehouse for sale; the government to hold part of the land; night schools to be established, &c. The estimated cost of so locating 240 families is $331,680; the estimated rate of payment to the government $95,400.
George Rhey, Millwood, Pa	Commenced farming on his present location in 1860, when the prices of agricultural produce were about the same as those of the previous decade. Laborers were comfortable, and owners reaped about six per centum on money invested in land. During the war prices reached their maximum and remained thereat until the crisis of 1873. Since then they have gradually fallen, and now are for most articles at the minimum of the last thirty years. The price of farms has risen and fallen in like ratio. During the war and until 1873 farmers realized at least six per cent. on capital invested. Now they do not realize 2 per cent. Farm products are more abundant now than in 1860. Prior to 1873 operatives were fully employed. Now the demand for their services is greatly curtailed, and those who are at work are on short time. Wages are as low as at any time during forty years. Manufacturers and mining operators are losing money. The end will be that all government and corporate securities will lose their value unless their holders diminish their demand.
Joslin, J. H., Second Auditor's Office, Washington, D. C.	Incloses a printed slip, wherein he attributes the cause of the depression to labor-saving machinery.
Schulein, S., Fort Scott, Kans	The prevailing depression and three-fourths of the failures, drunkenness, and idleness are due to secret mercantile agencies.
Sharp, Th. W., 1018 Berks street, Philadelphia, Pa.	The remedy lies in fixing wages at from $2 to $2.50 per diem, and curtailing the hours of work.
Samelson, W., 7 Rutgers Place, New York.	Argues in a very long communication to the general effect that the introduction of labor-saving machinery is the great cause of the depression. But for it there would be an increased employment of labor, and consequently of consumption. It should be taxed out of existence. So far as the effect of this upon our foreign relations is concerned, it may be said that we can dispense with their luxuries better than they can forego our necessaries.
Smith, Q. L., Buffalo, N. Y	The cause of the prevailing distress is not so much lack of work as starvation wages. There is production in excess of demand. The remedy lies in shortening the day's work.
Sperry, D. R., Batavia, Ill	Argues against leasing convict labor to contractors, as its competition is ruinous. No State should be allowed to adopt such a system; but convicts might properly be employed in chain-gangs on public works. States prisons should be abolished. Each county should manage its own criminals.
Selleck, M., New York City	Proposes many general measures by way of remedy, chief among which are the abolition of the United States Senate, the issue of currency at the fixed rate of $58 per capita, and a gradual diminution of the hours of labor, beginning with a six-hour law.
Singleton, W. B., Lockport, N. Y.	The government should plant colonies. Every colonist should bind himself to remain five years on the land granted him, at the end of which time he should have the fee. The government should reserve alternate farms in the colonies, from the sale of which the expenses of the undertaking might be defrayed. A compromise should be effected with the railroads, under which cheap transpor-

List of communications, &c.—Continued.

Writer.	Brief.
Singleton, W. B.—Continued.....	tation could be had for the settlers. Capitalists would find a remunerative field for investment in colonization.
Steuber, A., 61 Bowers street, Jersey City Heights, N. J.	The chief cause of the depression is the control of legislation by capital, and especially by corporations. The payment of large dividends on watered stock depresses the rate of wages. We need tenure of office during good behavior for all officials, including thereunder members of Congress; an eight-hour law; direct taxation; courts of arbitration, instead of the present courts, wherein the expense of litigation would be borne by the State, &c.
Thompson, J. S., Chicago, Ill.....	Is a workingman, who saves more than he did in war times, and thinks there is no real depression. Has always found work. Believes liquor and labor agitators are the great causes of discontent.
Ullman, H. C., 137 Broadway, New York.	Chiefly a quotation from Webster's speech of May 25, 1832, on the bill to renew the charter of the United States bank, pointing out the evils of a paper currency. Paper money, corporate mismanagement, heavy taxes, and the bankrupt law just repealed he believes to be the causes of the distress.
Van Wagenan, J., 38 Bayeaux st., Poughkeepsie, N. Y.	Writes at great length, maintaining that nearly all the distress of the country is due to the use of intoxicating liquor; if this is checked the country will soon recover.
Vose, N., Whittier, Lake County, Illinois.	Underconsumption, due to contraction, and not overproduction is the cause. The remedy is to return to the old amount of currency.
Van Benschotten, S., 76 Broad street, New York.	Is a merchant of thirty years' standing, and believes that labor-saving machinery, railroads, and telegraphs, which have revolutionized the methods of business, are the causes of the depression. The remedy is to colonize the idle on public lands, advancing to each family of five $250. For the present push on public works and let all who can employ labor.
Warmoth, M. M., Brandenburg, Ky.	Contraction is the cause; inflation is the remedy.
Winston, W. H., New York.....	Sends an exposition of the causes assigned for the depression by the Greenback party, and indorsed by Mr. Peter Cooper.
Wood, S. S., 27 West Twenty-fourth street, New York.	Is an iron-worker, and believes the duty on raw materials and the great number of officials are one among the chief causes of the depression. Capital, he thinks, is aggressive in its influence on legislation and will seek, before long, to establish a large standing army for its protection.
Woodruff, E. P., Chicago, Ill.....	Gives a great many statistics to show that the manufacturing interest is developed out of proportion to agricultural interests. And gives the details of a colonization scheme in which the only remedy lies. The government should stop the sale of public lands and settle people upon them, retaining itself the fee, and defraying the expense by an issue of greenbacks, to be repaid by the colonists.
Wolz, Wm., San Francisco.....	Secretary of the Cigar-Makers' Union, San Francisco. In 1860 cigar-makers received from $18 to $30 a thousand; in 1866 they received from $15 to $20 a thousand; now they receive from $7 to $12, so that wages do not average $7 a week. The causes are the tenement-house system of the East and Chinese immigration.
Whitehouse, F. C., Newport.....	Calls attention to the manner in which capitalized expectation of profit is made to do duty as capital. (His letter is among those accepted.)
Workingman's Society, 115 Christie street, New York.	Submit the case of a tailor who came to this country twenty-five years ago with household goods and $225. This, with $600 more inherited, is gone. The family of three, working sixteen hours a day, only earn $10 a week. The causes of the depression are long hours and labor-saving machinery.
Whiteford, J., 1188 Union avenue, Kansas City, Mo.	Does not agree with Mr. Horace White that people won't go on the land. Of 1,000 men with whom he talked in Saint Louis soup-houses 360 "took the pledge," and said that it was their great desire to take up government land. A great cause of depression is the amount of capital consumed in vice.
Winslow, Ed., Boston, Mass.....	Thinks the trouble is due to mental causes, which cannot be eradicated in this generation, but may be in the next; *i. e.*, people are not content to live modestly on small earnings. The remedy is in education, partly by offering prizes to well-educated families, by giving rewards as well as inflicting punishments, and by abolishing time-contracts.
Wolf, G. F., 277 East Fayette st., Baltimore, Md.	Every one should spend freely. The government should prosecute public works; by the consequent circulation of money prosperity would return.
Williams, S. M., 128 Leroy street, New York.	The number of office-holders should be reduced to 60,000; this would save $90,000,000. The national banks should be abolished, and greenbacks issued with which to buy $300,000,000 of bonds. The saving of interest so effected, together with that due to the reduction of officials, would enable us to pay annually $100,000,000 of our debt.
Young, F. S., 110 E. Seventeenth street, New York.	The panic was due to contracting the currency from $50 to $15 *per capita*. The remedy is inflation.
Zuarf, John H.....	Lay an export duty on raw material except coal and iron; lay no import on prime materials. Enable citizens to buy vessels abroad. Give no subsidies to private lines, but give premiums to ship-builders for vessels made during a specified time.

INFORMATION IN REGARD TO PRICES, FURNISHED BY WILLIAM M. GROSVENOR, EDITOR OF "THE PUBLIC," NEW YORK CITY.

PRICES IN 1878, 1877, AND 1860.

We confess some surprise at finding, after a careful comparison, that the average decline in prices from January 1, 1877, to January 1, 1878, was as much as 10 per cent. It has generally been supposed somewhat less, and it is possible that tables more complete than have ever been given, which we hope soon to print, may slightly modify the conclusion warranted by comparison of New York wholesale prices. But we judge that the change, if any, will be too small for practical importance. In the tables already prepared are included the sixty articles of which the usual record of the Journal of Commerce gives data, and in addition to bacco, coal, fresh beef, fresh pork, and other items of large commercial importance. For all articles except meat we have taken the New York wholesale prices as usual, but as a better test of the average price of fresh meats than any other, have taken the prices of beef-cattle and hogs at Chicago. The method pursued in the calculations is the same that was adopted and fully explained in our article on this subject a year ago; instead of making an average of prices as if each pound of hops were of as much importance as each pound of sugar, cotton, or beef, the quantities of each article entering into consumption or commerce have been carefully estimated. It is then supposed that the quantity of each article thus estimated was actually bought at the recorded prices of January 1, 1877, and of January 1, 1878. The resulting aggregates, it is believed, show more correctly than any other method yet devised the aggregate effect of the various changes in price between the two dates.

The detailed tables of prices are deferred in order to make them more complete. But it is believed that the prices of wool, cotton, and leather quite closely represent by their variations the changes in price of clothing generally; that other manufactured articles are approximately represented by changes in iron, coal, lead, salt, turpentine, and linseed oil; and that the general range of farm products at the North is fairly represented by the breadstuffs, hay, cattle, and their products, butter and cheese, and hops, and at the South by cotton, tobacco, rice, hemp, sugar, and molasses. The fisheries are also represented, naval stores, whisky, and beside other imported articles already named, coffee and fruits. The quantities supposed to be purchased of each article are as given in The Public of January 18, 1877; the entire number of cattle believed to be slaughtered each year, less the number killed for packing, is supposed to be sold at the Chicago wholesale prices for the lowest shipping grade.

Further, in order to determine whether prices have yet reached or passed the specie basis, we have made a similar calculation upon the New York wholesale prices of January 1, 1860, adding Chicago cattle and hog prices of that date. In this instance, also, the amounts supposed to be purchased are the same as in 1877 or 1878. But the grade or class of articles quoted in 1860 and at this time is in some instances so different that modifications, presently to be noted, are necessary. In the following is given a summary of calculations based upon the prices of over sixty articles, but for brevity arranged in classes:

Articles.	1877.	1878.	1860.
Breadstuffs	$1,290,100,000	$1,241,500,000	$1,678,500,000
Hay and wool	427,800,000	396,500,000	674,000,000
Cotton, tobacco, rice, and hemp	316,160,000	286,400,000	275,280,000
Beef, fresh and packed	138,300,000	114,250,000	101,900,000
Pork and hog products	160,625,000	113,289,000	134,890,000
Butter and cheese	172,000,000	129,060,000	106,150,000
Iron and coal	121,650,000	116,760,000	159,040,000
Sugar and molasses	232,700,000	168,540,000	184,700,000
Leather, lime, linseed-oil	117,900,000	101,340,000	92,480,000
Coffee	64,000,000	57,600,000	36,800,000
Whisky	70,800,000	68,656,000	16,302,000
Petroleum	51,300,000	24,975,000	
Ashes, fruits, hops	24,700,000	24,570,000	20,060,000
Lead, salt, turpentine	17,640,000	12,160,000	17,070,000
Fish	7,820,000	7,620,000	5,730,000
Totals 1877 and 1878	3,211,195,000	2,877,530,000	
Totals 1878 and 1860		1,854,665,000	1,895,462,000

Comparing first the prices of 1878 with those of 1877, it appears that the same articles and quantities which would have cost $3,211,195,000 on the 1st of January, 1877, would have cost only $2,877,530,000 on the 1st of January, 1878. The decline during the year 1877 was therefore about 10.4 per cent. Only three articles in the entire list advanced in price during that time. Rice advanced from 6 to 6¼ cents. There was also a small advance in packed beef, western and mess, but a decline in beef-hams. Four other articles, new Southern corn, coal, mackerel and lime, were unchanged in quotation. In every other case there was a decline recorded, and in some cases, as the aggregates show, a very large decline. So general and considerable a fall in prices is rarely seen, and it is the more remarkable because there occurred during the year quite a flurry of speculative advance in breadstuffs and some other articles. It naturally suggests the inqury whether we have not already reached or even passed the specie basis. In order to answer this question correctly, important differences in the three tables must be noticed.

Petroleum was not a considerable product in 1860, and the quotation of any other form of oil then used would be misleading. For example, if there had been bought before the war as large a quantity of any illuminating oil then used as now enters into commerce it would have cost $171,000,000, against less than $25,000,000 paid for the product of the oil wells. This item must be omitted from the statement of 1878 in comparison with 1860. Again, the class of butter quoted in 1860 is not that which is now of chief importance in commerce, and a correction on that account adds nearly $35,000,000 to the aggregate for 1878. A much more important source of error is the fact that the quotations of shipping hay and Western corn at New York do not at all represent actual values of those crops at the point of consumption. In comparing 1877 and 1878, little difference is made by including the whole of those crops, and there were not, during that year, such changes in mode and cost of transportation, and in localities of chief production, as to render the comparison a faulty representation of the actual value of the two crops where consumed. But between 1860 and 1878 there were such changes, and it seems to be necessary to include as to corn only that part of the crop which is transported to the East or South—perhaps 200,000,000 bushels at most—and to omit the crop of hay altogether. Making these changes, it appears that the same quantities and qualities of all the articles remaining, which would have cost $1,854,065,000 on the first of January, 1878, would have cost $1,895,462,000 on the first of January, 1860. In that case, the average of prices has now passed below that of 1860, which may be fairly assumed as the specie level for a year of good business, and is still tending downward toward the lower level of extreme depression which was realized in 1843.

We shall readily admit that a comparison which requires so much of judgment as to what ought to be included or excluded will have little weight with any who do not agree with us as to these essential preliminaries. It is very desirable, also, in comparing prices at periods so distant, to include a wider range of articles, trusting less to the representative character of those chosen. This we aim to do hereafter, and it may be that different conclusions will then seem warranted. But these calculations are submitted as approaching more nearly to a correct comparison of prices before the war and now than any other yet made, or for which we yet have sufficient data.

PRICES FOR FIFTY-THREE YEARS.

The same quantity of the most important articles of commerce, which could have been purchased at New York wholesale prices May 1, 1860, for $2,069, and May 1 of last year for $2,464, could be purchased May 1, 1878, for $1,937. In other words, prices have already fallen 6.4 per cent. below the level of 1860, though they are still much above the extraordinary point reached in 1843—the low-water mark of the century. This conclusion will greatly surprise many who give attention to financial questions, and we therefore give with much detail on page 406 the quotations of prices May 1, in 1825, 1837, 1843, 1860, and in recent years, thus presenting a history of the important changes in values for fifty-three years. To these quotations we apply the principles explained in The Public of two years ago, and of February 14. Certain quantities of each article are taken, which approximate to the actual product or importation of that article. The assumed quantity of each is supposed to be purchased on the 1st of May, in each of the years named, and the total cost of articles of each class, and of all articles included in the estimate, is here shown for the earliest year to which our records extend, for the year of greatest inflation of prices before the war; for the year of greatest depression of prices, and slow beginning of recuperation after the panic of 1837; and for the latest year of general prosperity before the departure from a specie basis. The same quantities are also supposed to have been purchased last year, and this year, and it will be noticed that some important articles, of which we have no quotations prior to 1850, are included in the comparative aggregates for the three latest dates. The estimate for meats is based upon the Chicago quotations, but all others upon New York prices. For reasons explained in February,

the quantity of corn assumed represents not the entire crop, but only the portion supposed to be marketed, and hay is wholly excluded. The iron quoted, be it observed, is Scotch pig; the change in price of American iron has been still greater.

Articles.	1825.	1837.	1843.	1860.	1877.	1878.
Breadstuffs	$537.0	$935.0	$557.0	$878.0	$1,071.0	$731.5
Cotton	550.0	220.0	154.0	242.0	241.0	237.0
Sugar	153.0	108.0	90.0	126.0	174.5	130.5
Molasses	24.8	23.7	15.3	36.5	36.5	31.4
Butter	82.2	72.0	41.1	77.1	113.1	108.0
Cheese	12.8	17.0	9.6	17.8	23.1	20.2
Coal	171.0	198.5	99.7	104.5	76.0	71.2
Iron	112.5	128.1	58.0	60.6	62.5	61.2
Leather	96.0	80.0	64.0	84.0	100.0	80.0
Wool	54.0	72.0	30.4	57.6	56.0	56.0
Coffee	60.8	33.6	25.6	41.6	52.8	44.0
Tobacco	16.0	18.0	13.0	21.0	15.0	8.0
Rice	5.0	5.0	4.0	6.0	8.0	8.0
Linseed oil	14.0	14.0	12.5	8.4	9.5	8.4
Raisins and nuts	18.0	6.0	8.0	10.3	8.0	8.0
Fish, mackerel	1.2	2.0	1.8	3.8	4.4	4.4
Fish, cod	1.5	1.8	1.2	2.2	2.8	1.7
Salt	25.0	13.0	15.8	6.7	6.0	6.0
Hops	4.0	2.0	2.5	2.5	4.0	2.2
Turpentine	3.6	3.2	2.9	3.7	2.6	2.3
Beef, fresh and packed	.....	.....	.....	101.9	138.3	121.0
Pork and hog products	.....	.....	.....	134.9	160.6	106.5
Whisky	.....	.....	.....	16.3	70.8	66.5
Ashes, pots	.....	.....	.....	10.2	9.5	9.5
Hemp	.....	.....	.....	4.2	5.3	4.7
Lime	.....	.....	.....	4.5	4.8	4.8
Lead	.....	.....	.....	6.8	8.4	3.7
Petroleum	.....	.....	.....	.....	51.3	38.0
Comparison, 53 years	1,942.4	1,952.9	1,206.4	1,790.3	2,066.8	1,623.7
Comparison, 18 years	.....	.....	.....	2,069.1	2,464.1	1,936.7
Comparison, 2 years	.....	.....	.....	.....	2,515.4	1,974.7

According to these figures, $1,975 would purchase as much in 1878 as $2,515 would have purchased in 1877, May 1. The date is somewhat unfortunate, because the outbreak of war in Europe caused a feverish and unnatural advance of prices for a time, and then this movement was followed by a sharp reaction. As we pointed out in February, the decline from January, 1877, to January, 1878, was about 10.4 per cent., but the decline from May 1 to May 1 was 21.5 per cent. It will be found important to bear this fact in mind when comparing transactions of banks, or exports and imports, with those of the inflated period last year.

Omitting petroleum, which was not quoted in 1860, it is found that the prices of like quantities of other articles in 1860, 1877, and 1878 stand related to each other as $2,069 and $2,464 and $1,937. The unnatural advance last year was not confined to breadstuffs. It will be seen that sugar, butter, cheese, leather, coffee, linseed oil, hops, beef, pork, and lead shared in an advance which did not endure, and which brought disaster to many. A vast amount of imaginary wealth was thus "produced," and was as easily "destroyed" when the speculative spirit collapsed. The wrecks remain, and the fictitious prices caused by vague dreams as to the effect of the European war serve to remind us that, instead of a great blessing to industry and commerce in this country, the war proved a curse.

The quotations for meats, whisky, potash, hemp, lime, and lead, for the years preceding 1860, are not at hand. Omitting these articles, we are still enabled to compare twenty classes which include over fifty articles regularly quoted in wholesale tables. The remarkable expansion of other prices from 1825 to 1837, however, is nearly hidden by the great shrinkage in the price of cotton. From 1837 to 1843 a loss of nearly 37 per cent. occurred; indeed, it would appear a little greater if the changes in quotations of packed meat be accepted as indicating the changes in cost of fresh meat also. Upon that basis, the totals for comparison would be $2,161.40 in 1825, against $2,190.90 in 1837, and $1,364.80 in 1843. From this point prices gradually advanced until a new era of inflation followed the discovery of gold mines. The country experienced another reaction in 1857, but had so far recovered that business was generally considered prosperous in 1860. The figures show that as to breadstuffs, cotton, molasses, coal, leather, wool, tobacco, linseed oil, codfish, salt, hops, turpentine, hog products, potash, and lead, prices have fallen to or below the level of 1860, and iron is in reality much lower than it was before the war. A foreign demand has made butter and cheese and beef and its products higher than before the rebellion, and the disorder in Cuba accounts for an advance in the price of sugar. Prices of some other articles, it will be

readily seen, have been lifted by our present system of taxation. But, these special exceptions aside, the average of prices has now fallen so far below the specie level that there is good reason to hope that bottom has been touched, and that a gradual improvement may hereafter be expected.

The prices of imported articles as shown in the official returns of imports are less reliable than city quotations as a basis for comparison, because the qualities of articles imported under the same designation are often materially changed. However, much useful information is thus obtained as to the changes of price abroad, and we give (page 406) the average prices of about fifty articles imported during the months of April, 1878, and April, 1877. The general result of the comparison may be more readily attained by contrasting aggregates of quantities and values actually imported. But, owing to the peculiar disturbance of prices in some foreign countries, as well as here, during the month of April, 1877, we prefer to compare aggregate importations during ten months ending April 30, 1877 and 1878, as follows:

	Quantities.		Values.	
	1878.	1877.	1878.	1877.
Free ..... lbs..	1, 016, 312, 948	941, 278, 667	$84, 261, 209	$81, 823, 150
Dutiable ..... lbs..	3, 629, 242, 751	3, 560, 584, 410	97, 511, 555	96, 173, 316
By weight	4, 645, 555, 699	4, 501, 863, 077	181, 772, 764	177, 996, 466
Goods ..... yds..	63, 893, 764	65, 548, 109	13, 752, 445	14, 719, 403
Liquids ..... galls..	20, 192, 190	25, 785, 257	7, 390, 667	8, 449, 037
Glass ..... sq. ft..	4, 686, 630	3, 144, 619	1, 310, 557	1, 533, 424
Total	.....	.....	204, 226, 433	202, 698, 330

The only considerable decline in average price, it will be seen, is in the free goods and in textile fabrics; the decrease in dutiable goods reported by weight is small, and in liquids and glass some increase in average price appears. This may be traced, as well as the smallness of the increase in apparent price of other articles, in part to purchases from abroad of better qualities of goods, but the comparison, as far as it has value, indicates a much smaller decline in foreign prices of goods imported than has been found in prices of domestic products. A similar comparison of quantities and values of the chief articles exported during ten months, ending April 30, shows very different results:

Articles.	Quantities.		Values.	
	1878.	1877.	1878.	1877.
	Pounds.	*Pounds.*		
Breadstuffs	7, 411, 744, 750	5, 658, 446, 350	$146, 176, 863	$98, 467, 355
Cotton	1, 477, 049, 061	1, 299, 578, 105	165, 770, 256	154, 155, 627
Oil-cake	279, 276, 152	233, 616, 973	4, 188, 108	4, 134, 134
Oil	284, 116, 549	236, 891, 655	40, 327, 828	50, 995, 015
Provisions	691, 391, 622	570, 807, 176	65, 888, 737	62, 528, 577
Lard and pork	345, 111, 024	259, 025, 406	29, 754, 616	27, 442, 012
Tobacco	239, 125, 123	247, 575, 041	21, 223, 095	25, 475, 724
Total	10, 727, 814, 281	8, 505, 940, 706	473, 329, 553	423, 208, 444

This table embraces about 80 per cent. in value of all merchandise exports, and shows an increase in quantity of about 26 per cent., while the increase in value is only about 11 per cent. As to these articles, therefore, the average price during ten months ending April 10, 1878, seems to be about 13 per cent. lower than the average price during ten months ending April 30, 1877. In other words, holders have been compelled to abate during the last ten months about one-eighth of the price obtained during the corresponding months of the year preceding. We therefore estimate that the domestic transactions of the last year have been conducted on a scale of prices lower by about 13 per cent. than that of the year preceding, but that the decline from May 1, 1877, to May 1, 1878, on account of the sudden rise of prices last year, was about 21 per cent.

Comparative prices in New York market on the first of May of the years named.

Articles.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1825.	1837.	1843.	1860.
Breadstuffs: Wheat, flour, State, per bbl	$7 10	$6 90	$7 10	$10 70	$10 00	$5 90	$4 90	$6 10	$6 75	$6 35	$6 00	$4 90	$4 50	$8 00	$5 00	$5 31	$7 50	$5 06	$5 42
Rye flour, fine, per bbl	6 00	6 10	4 90	8 75	9 00	6 75	5 50	6 00	5 25	*5 25	5 85	5 40	5 15	6 90	3 85	2 68	5 25	3 00	3 62
Cornmeal, Jersey, per bbl	6 00	5 75	3 85	6 50	6 00	4 70	4 75	3 90	3 60	3 35	4 15	4 00	3 50	3 50	2 70	2 68	4 37	2 75	3 82
Wheat, prime white, per bush	1 88	1 85	2 55	3 40	3 20	1 90	1 35	1 75	2 00	1 95	1 87	1 45	1 40	2 25	1 48	1 00	1 60	1 02	1 65
Rye, per bush	1 53	1 03	73	1 58	2 15	1 30	1 05	1 10	93	1 00	1 06	1 03	92	1 20	74	50	1 03	57	84
Oats, per bush	86	72	61	83	85½	90	69	66	56	55½	68	77	48	60	38	27½	48	28	43
Corn, yellow, per bush	1 38	1 48	86	1 40	1 20	90	1 12	77	74	72½	88	93	63	68	55½	50	1 00	54	82
Candles: Mold, per lb	24	26	20½	20½	20	20	18	13	19½	20	17	.....	.....	14	14	11½	14	10	18
Sperm	35	40	40	40	45	48	37½	30	33	30	28	.....	28	28	27	34	33½	21	39
Coal: anthracite, per ton	8 50	10 00	8 50	5 50	5 00	5 50	5 50	9 00	4 50	6 00	6 00	6 00	5 50	4 00	3 75	9 00	10 50	5 25	5 50
Copper: ingot	43	33½	28	24	23½	24	18¾	21½	41	33	24½	22½	22	19½	16½	18	20½	17½	.....
Coffee: Brazil, per lb	47½	*20	*20	19	†11½	†11	10½	†12	†16	†17½	*19	*16½	*15½	*16½	*13½	19	10½	8	13
Java, per lb	52½	*22½	*25½	25	*23	25	*22	*22	*21	*21	*25	25	24	25	*21½	22	13½	12	15
Cotton: mid. upland, per lb	83	42	33	28	32½	28½	23½	14¾	23½	19⅝	16⅞	16½	15⅝	10⅝	10⅜	25	10	7	11
Fish: dry cod, per quintal	7 00	8 25	4 50	6 50	6 00	7 50	6 25	6 50	6 00	6 00	5 25	6 25	5 25	5 00	3 25	2 75	3 62	2 50	4 00
Mackerel, box No. 1, Mass	18 00	16 00	18 50	18 50	22 50	29 00	27 00	25 00	15 00	22 00	17 00	13 00	26 00	20 00	20 00	5 50	9 18	8 62	17 37
Fruit: raisins, per box	4 50	4 75	3 70	3 65	3 90	3 00	3 90	2 65	2 65	2 30	2 60	2 60	2 75	1 60	1 65	3 82	1 15	1 68	2 36
Currants	20	*9	13	11½	11½	10	11½	9	7½	6½	5½	6½	7	6½	5½	.....	.....	.....	.....
Dried apples, per lb	10½	10	15½	10	8	15½	8½	6	11	6	12	8	9	5½	5½	.....	.....	.....	.....
Hay, per hundred	1 60	90	60	1 90	80	60	90	1 15	1 50	1 25	1 00	90	80	80	70	.....	.....	.....	.....
Hemp, Manila	17	14	*10	*11½	*11	*12½	*14	*11	11½	10¼	9½	8	7¼	*7½	*6¼	.....	.....	.....	.....
Hides, B. A	24½	*19½	18½	*21	*20½	*22	*23½	*25½	28	*25	27	24½	18½	*24	*20½	18	13½	11	25
Hops, per lb	28	35	65	60	50	10	21	11	65	50	30	35	18	16	9	15	8½	10	10
Indigo, Manila, per lb	1 30	1 35	1 35	1 30	*90	*90	90	1 20	*1 10	*85	80	80	80	75	78	2 06	1 05	87½	85
Iron: Scotch, pig, per ton	60 00	50 00	44 00	42 00	40 50	41 50	35 00	33 00	50 00	50 00	38 00	35 00	30 00	25 00	24 50	45 00	51 25	26 00	24 25
Common, English bar, per ton	125 00	125 00	94 00	90 00	85 00	85 00	75 00	75 00	105 00	110 00	.....	.....	.....	.....	.....	.....	.....	.....	.....
Lath, sper M	1 75	2 75	4 00	3 25	3 00	3 00	2 15	2 35	2 50	2 25	2 00	1 60	1 60	1 60	1 50	.....	.....	.....	.....
Leather, hemlock sole, per lb	35	32	30½	31	28½	30	29	28	28	28½	29	28	22	25	20	24	20	16	21
Lime, com. Rockland, per bbl	1 40	1 60	1 50	1 70	1 25	1 25	1 25	1 25	1 50	1 50	1 35	1 35	90	80	80	.....	.....	.....	.....
Liquors: Cog. brandy, per gal	9 00	20 00	*5 50	*5 50	*5 55	*5 00	*5 00	*4 00	*4 00	5 00	5 00	4 00	.....	.....	.....	.....	.....	.....	.....
Domestic whisky, per gal	1 25	2 10	2 26	2 35	.....	95	1 05	93½	90	91½	97½	1 15	1 11½	1 13	1 06	.....	.....	.....	.....
Molasses: New Orleans, per gal	1 00	1 05	1 10	90	90	80	80	65	70	78	73	73	56	50	43	34	32½	21	50
Muscovado, per gal	95	45	65	57	55	55	45	40	37	35	40	44	33	46	35	31	29	20	32
Naval stores: spirits turpentine, per gall	3 25	3 00	87½	73	73	46½	44	47½	59½	52½	46½	36	35	33	29	45	40	36	47
Rosin, common, per bbl	37 00	19 00	3 25	2 75	3 35	2 62½	2 05	2 40	3 80	3 15	2 75	2 05	1 75	2 00	1 50	1 50	1 68	96	3 25
Oils: whale, crude, per gal	1 14	1 25	1 00	95	75	1 05	70	60	72	67	63	70	60	68	48	29	33	31	42
Whale, manufactured, per gal	1 23½	1 50	1 20	75	85	1 20	82½	70	82	75	70	77	70	77	59	61	88	55	1 35
Sperm, crude, per gal	1 70	2 00	2 35	2 45	2 00	1 90	1 55	1 30	1 63	1 52½	1 60	1 90	1 43	1 31	1 04	.....	.....	.....	.....
Sperm, manufactured, per gal	1 85	2 30	2 45	2 90	2 25	2 00	1 65	1 45	1 80	1 70	1 85	2 10	1 70	1 60	1 12	.....	.....	.....	.....
Linseed, per gal	1 65½	1 25	1 45	1 36	1 14	1 03	92	92	92	1 00	98	69	55	68	60	1 00	1 00	89	60
Petroleum, refined, bond, per gal	56	54	42	24	28	32½	29½	23½	22½	20⅝	15⅜	13	13⅞	15	11⅛	.....	.....	.....	.....
Provisions: Pork, mess, per bbl	26 50	26 00	26 00	22 80	28 00	31 00	28 50	18 50	13 65	18 50	17 00	22 10	21 60	16 10	9 75	14 25	16 50	9 12	17 57

*Gold. †Gold in bond.

Comparative prices in New York market on the first of May of the years named—Continued.

Articles.	1864.	1865.	1866.	1867.	1868.	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1825.	1837.	1843.	1860.
Provisions:																			
Pork, prime, per bbl	$23 87½	$25 00	$24 00	$19 00	$23 00	$25 75	$22 00	$14 75	$11 25	$15 00	$15 00	$17 50	$17 50	$12 75	$8 25	$10 25	$13 75	$7 37	$13 93
Beef, mess, country, per bbl	13 00	14 00	20 00	16 00	20 00	12 00	11 50	14 00	8 00	9 00	10 00	10 00	12 00	12 50	10 00	8 75	13 75	7 80	5 25
Beef, prime, per bbl	7 00	.....	.....	.....	23 00	17 00	15 75	16 00	12 00	13 00	13 50	.....	13 00	14 00	12 00	.....	.....	.....	.....
Pickled hams, per lb	15½	18	17½	13	18½	15½	15½	12	10	12½	11	12½	13	10	07¼	09	09½	05	09
Pickled shoulder, per lb	11½	15	12	09½	13¼	13	11½	06½	06½	07⅛	07⅝	09⅛	09¼	07¼	04½	.....	.....	.....	.....
Lard, per lb	14½	18	20	13½	18	18	10¾	11½	09⅜	09½	10½	15½	13	10¼	07⅛	09	07½	07	10
Butter, State, per lb	31	35	50	28	48	38	35	34	30	38	38	28	29	22	21	16	14	08	15
Cheese, per lb	17½	20	20	19	15	22	16	14	16	16	17	16	13	14¼	12½	08	10¼	06	11
Rice, per 100 lbs	10 25	10 50	9 12½	10 50	9 75	9 00	7 00	9 00	9 00	8 50	8 75	7 50	6 50	5 50	5 75	3 50	3 37	2 62	3 92
Salt, Liverpool, ground, per sack	2 20	2 50	2 75	*2 60	1 90	2 00	1 50	1 60	1 50	1 55	1 25	90	85	60	60	2 50	1 30	1 58	69
Seeds: Clover, per lb	12½	30	12	15	10	13½	15	09¼	09	08¼	10½	12	17	15½	07½	.....	.....	.....	.....
Timothy, per tierce	20 00	.....	6 75	3 00	2 30	4 00	7 00	4 25	3 00	4 25	3 00	2 55	2 70	2 05	1 35	.....	.....	.....	.....
Linseed	4 25	3 17½	*2 65	*2 50	*2 27½	*2 20	*2 20	2 35	*2 57½	2 70	*2 40	*2 10	*1 85	*2 17½	*1 95	.....	.....	.....	.....
Spices: Pepper, per lb	43	32	*23	29	*23⅝	*24	*27½	*16½	18	*20	*19¼	*18¾	18⅔	*13⅝	*12½	19	07	08	07
Nutmegs, per lb	1 47½	1 20	*92	1 19	*90	*90	*1 00	*82	95	*95	*1 12½	1 02¼	*90	*88	*86	2 37	1 22	95	44
Sugars: Cuba, per lb	12	12	12⅜	12	12	11⅞	09¼	09½	08⅞	07½	07¾	08½	07⅞	09⅜	07¼	08½	06	05	07
Refined white, per lb	25	19½	15	15	16⅞	15⅝	11⅞	13	13⅜	10⅜	09½	10	09⅝	11	08⅜	09¼	06	06	06
Tallow, per lb	14⅛	11½	11⅛	11⅛	12¼	11½	09⅛	09	09⅜	09⅛	07¼	09¼	08¾	09	07¼	08	11	07	10
Teas: Young Hyson, per lb	1 25	1 25	1 30	1 30	1 30	1 20	78	60	55	50	40	40	41	.....	.....	1 05	63	55	25
Souchong, per lb	1 00	90	90	1 05	1 05	95	80	65	60	52	47	48	46	.....	.....	62	32	45	28
Oolong, per lb	1 20	1 00	1 00	1 25	1 20	1 10	85	72	70	55	45	44	41	.....	.....	.....	.....	.....	.....
Tin: Straits, per lb	54	*26	*21	21¾	24¼	33¾	*34	*32¾	*40	*32	*24¾	*20	*16¾	*16¾	*14¼	.....	.....	.....	.....
Plates, I C char., per box	18 00	13 00	*10 25	*9 25	*8 25	8 75	*8 75	*8 50	*14 00	*12 00	*11 00	*9 50	*7 00	*6 75	*5 75	.....	.....	.....	.....
Tobacco: Kentucky, per lb	30	25	20	16	16½	12½	11½	08½	08	07½	05	10	05½	05¼	03½	06	06½	05	08
Manufactured, per lb	65	70	75	70	.....	25	29	25	25	20	20	25	15	.....	.....	.....	16	15	20
Whalebone, polar, per lb	1 60	1 45	1 30	*91	*66	*90	*85	70	1 63	95	*95	*1 05	*1 85	.....	.....	22	16	27	83
Wool: common, per lb	70	65	65	48	45	45	44	48	70	45	43	44	38	35	35	34	45	19	36
¾-blood, per lb	75	67	50	55	54	50	50	53	75	57	51	54	45	42	40	.....	.....	.....	.....
Merino, per lb	77	70	62	65	57	54	54	57	82	65	55	53	48	45	43	58½	59	29	05
Pulled, No. 1, per lb	60	64	45	43	37	35	33	38	63	45	33	35	32	30	32	35	43	21	20

* Gold. † Gold in bond.

Import prices—Average value of articles imported in April.

Articles.	1878.	1877.	Articles.	1878.	1877.
Argols, per lb	$0 12	$0 14	Pig-iron, per ton	$21 35	$21 43
Camphor, per lb	16	19	Bar-iron, per lb	2¼	2¼
Chloride of lime, per ton	23 52	31 78	Sheet-iron, per lb	4	4¼
Coffee, per lb	15	16	Jute, raw, per ton	56 92	43 68
Cutch, &c., per cwt	3 60	3 80	Jute, for bagging, per lb	5½	5½
Gypsum, per ton	91	1 18	Lead, pig, bars, per cwt	3 49	4 67
India rubber, per lb	34	38	Leather of all kinds, per cwt	6 55	6 33
Indigo, per lb	81	85	White lead, per cwt	6 93	6 41
Madder, per lb	4	5	Whiting and Paris white, per cwt	3 76	4 19
Rags of cotton or linen, per lb	2½	3	Salt, per ton	3 67	3 73
Silk, raw, per lb	4 34	5 12	Saltpeter, per cwt	4 60	3 90
Soda, nitrate of, per lb		1 25	Flaxseed, per bush	1 54	1 46
Sulphur, per ton	23 98	27 49	Soda, bicarbonate, per cwt	3 86	2 31
Tea, per lb	22	26	Soda, carbonate, per cwt	1 48	1 53
Tin, per cwt	15 98	17 80	Soda, caustic, per cwt	2 90	3 10
Rice, per lb	3	2½	Brown sugar, per cwt	4 30	5 40
Chicory, per lb	2½	3½	Molasses, per gall	23	27
Coal, bituminous, per ton	3 35	3 39	Melado, per cwt	3 30	3 90
Cocoa, per lb	31	25	Tin, in plates, per cwt	4 42	4 79
Copper pigs, brass, &c., per lb	12	15	Tobacco, leaf, per lb	52	49
Cordage, per lb	18	10	Wool, unmanufactured, per lb	18	15
Glass, cylinder, crown, per lb	3	4	Carpets, per sq. yd	1 69	1 38
Glass, cast polished plate, not silvered, per sq. ft	46	92	Dress goods, per sq. yd	23	25
Glass, cast polished plate, silvered, per sq. ft	30	27	Zinc, in blocks or pigs, per lb		5
			Zinc, in sheets, per lb	6	6

PRICES BELOW THE SPECIE LEVEL.

Prices have tended downward very rapidly since May 1. At that time, it will be remembered, in an extended review of the changes in prices since May, 1877, we noted a general decline, and gave full tables showing that the average quantities of the different articles entering into commerce being taken into account, was 6.4 per cent. lower than the average in 1860. In other words, we had not only reached but passed the specie level, and were on the way toward that hard-pan of prices, the lowest point ever reached in this country since 1825, which was touched only in 1843, and from which the upward rebound was so rapid in the years 1844–'48.

It is well known that there has been a considerable farther decline in average prices since May 1, but perhaps the full extent of the change may not be generally realized. Wheat, selling at 77 cents for No. 2 at Chicago, has touched the lowest point known for many years. It is twenty-seven years since the price has been as low in this market as it was last week. Excepting in June, 1861, corn has not sold in this market as low as 46 cents since June, 1845, and the only previous quotations as low were in July, 1828, and January and February, 1825. It is twenty-three years since cotton has sold as low as it sold last week. Mess-pork has not sold as low as it sold last week since June, 1844. These striking facts have suggested a preliminary comparison of prices in advance of the usual half-yearly review which we shall prepare in November. The method pursued is the one repeatedly explained heretofore, viz, quantities of each article corresponding as closely as possible to the quantities believed to enter into commerce throughout the country are supposed to have been purchased on the 24th of October and at other dates mentioned, at the wholesale prices in the New York market. Without giving details at this time, general results may be thus stated: The assumed quantities of about fifty leading articles of commerce could have been purchased here, May 1, 1878, for $1,974,700,000, and could have been purchased October 24, 1878, for about $1,717,800,000, a decrease of 13 per cent. The comparative cost of some of the leading classes of articles at the dates named, and in 1860, may be shown in millions, thus:

Articles.	Wholesale cost at the prices of—		
	1860.	May, 1878.	Oct., 1878.
Breadstuffs	$878.0	$731.5	$548.5
Cotton	242.0	237.0	215.7
Pork	134.9	108.5	92.5
Butter	77.1	108.0	81.0
Iron	60.6	61.2	57.5
Cheese	17.8	20.2	13.0
Petroleum	.....	38.0	34.0
Other articles	658.7	672.3	675.6
Total	.....	1,974.7	1,717.8
Excluding petroleum	2,069.1	1,936.7	1,683.8

These figures, for which only approximate correctness is claimed, as they may be modified upon more extended comparison of quotations, point to the conclusion that the general average of prices is 13 per cent. lower now than it was May 1, and that it is 18.6 per cent. lower now than it was in 1860. But it should be stated that the figures for November 1, 1860, have not yet been prepared, and the comparison is therefore with the quotations of May 1, 1860. The advance in the general average of prices from that year to 1864 was, as was shown two years ago in this journal, about 125 per cent., so that $100 would buy as much in 1860 as could be bought of the same articles in 1864 for $225. From 1864 to 1873 the decline was irregular, but in the aggregate considerable; on the 1st of May, 1873, it is estimated that $132 would have purchased as much of the various articles quoted as could have been purchased with $225 in 1864. In 1876, the decline had proceeded much farther; it was then calculated that $112 was the equivalent in purchasing power of $100 in 1860, or $225 in 1864. In May last the average of prices had fallen below the level of 1860, and $93.60 was the equivalent of $100 on the old specie basis. Now, if these computations are correct, the decline has been so great that $81.40 will purchase the same quantities of over fifty articles quoted, at wholesale rates, as could have been purchased in 1860 with $100. It is of course understood that in all these comparisons the quantities purchased of each article are supposed to be proportioned to the quantities of that article entering into commerce, and not to the quantity entering into domestic consumption.

If we have so far passed "the specie basis" on the downward movement of prices, what is to be expected for the future? No reason is perceived for expecting a general upward movement until after resumption has either been accomplished or has failed. Even then, the changes may neither be rapid nor easy to predict. It will be observed that, while the extreme low price of agricultural products causes the entire difference in average prices between 1860 and 1878, the prices of all other articles quoted in the aggregate are still somewhat higher than in 1860. As usual, the main difficulty is in securing an equable adjustment of prices to the specie basis, and this does not yet seem to be altogether accomplished, nor can it be fully while two disturbing forces remain. Those forces are, first, uncertainty as to permanence of resumption, and, second, interference with prices by government through tariffs designed to hamper free exchange with foreign nations.

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